2014 Report – Volume 1

PROVINCIAL AUDITOR
of Saskatchewan

May 20, 2014

The Honourable Dan D'Autremont
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour of submitting my *2014 Report – Volume 1*, to be laid before the Legislative Assembly in accordance with the provisions of Section 14.1 of *The Provincial Auditor Act*.

Respectfully yours,

Judy Ferguson

Judy Ferguson, FCA
Acting Provincial Auditor

/gb

1500 Chateau Tower - 1920 Broad Street Regina, Saskatchewan S4P 3V2
t 306.787.6398 *f* 306.787.6383 *e* info@auditor.sk.ca
www.auditor.sk.ca

TABLE OF CONTENTS

Overview by the Acting Provincial Auditor 1

Annual Integrated Audits

1 Municipal Employees' Pension Plan 11
2 Saskatchewan Housing Corporation 15
3 Saskatchewan Telecommunications Holding Corporation 17
4 Saskatchewan Water Corporation 21
5 School Divisions 23
6 Summary of Implemented Recommendations 33

Annual Information Technology Audits

7 Central Services—Information Technology Division—Data Centre 37
8 Public Service Commission—MIDAS HR/Payroll 49

Performance Audits

9 eHealth Saskatchewan—Provincial Electronic Health Records 55
10 Justice—Management of Provincial Court Workloads 67
11 Saskatchewan Apprenticeship and Trade Certification Commission—Enabling Apprentices to Achieve Certification 79
12 Saskatchewan Immigrant Investor Fund Inc.—Meeting "HeadStart on a Home" Program Objectives 95
13 Sunrise Regional Health Authority—Infection Prevention and Control in Long-Term Care Facilities 107
14 Technical Safety Authority of Saskatchewan—Boiler and Pressure Vessel Inspection Processes 123
15 Water Security Agency—Regulating Wastewater Systems 135

Follow Ups

16 Agriculture—Irrigation Infrastructure Maintenance 151
17 Central Services—Building Maintenance 155
18 Central Services—Planning Accommodation 159
19 Education—Grade 12 Graduation Rates 163
20 Education—Instruction Time 171
21 Environment—Regulating Reforestation 175
22 Highways and Infrastructure—Bridge Maintenance 181
23 Justice—Maintenance Enforcement 185
24 Labour Relations and Workplace Safety—Addressing Workplace Non-Compliance 189
25 Public Employees Benefits Agency—Information Technology Security 193
26 Saskatchewan Housing Corporation—Housing Maintenance 195
27 Saskatchewan Water Corporation—Maintaining Infrastructure 199
28 SaskPower—Gas and Electrical Installation Inspection 201
29 SaskPower—Procurement 207
30 Water Security Agency—Dam Safety 209

Table of Contents

Studies

31 Managing Risks of Public-Private Partnerships 215

Standing Committee on Crown and Central Agencies

32 Standing Committee on Crown and Central Agencies 227

Appendices

1–List and Status of Agencies Subject to Examination Under *The Provincial Auditor Act* 1-1

2–Samples of Opinions We Form on Ministries, Crown Agencies, and Crown-Controlled Corporations 2-1

Overview by the Acting Provincial Auditor

1.0 Report Overview

Through *The Provincial Auditor Act* (Act), the Legislative Assembly has made the Provincial Auditor its auditor. It has given the Provincial Auditor responsibility for auditing the Government of Saskatchewan, including all of its agencies. These agencies include ministries, Crown corporations, boards, commissions, and funds. Under the Act, the Provincial Auditor is required to report to the Legislative Assembly on the results of all examinations, and highlight matters that require the attention of legislators.

Our Office typically reports the results of its examinations in two volumes. We aim to release Volume 1 in June, and Volume 2 in December each year.

This Report (Volume 1) includes the results of our examinations completed by March 31, 2014. We have organized the results of our examinations into six sections. The following provides an overview of each section of the Report other than the section on the Standing Committee on Crown and Central Agencies (Committee). It also draws to the Legislative Assembly's attention a case where a school board has denied us access to information.

Annual Integrated Audits—Overview

We use the term "integrated audits" to describe our annual audits of agencies that examine:

- The effectiveness of their financial-related rules and procedures to safeguard public resources with which they are entrusted
- Their compliance with authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing
- For those agencies that prepare financial statements, the reliability of those statements

In this Report, we include the results of annual integrated audits for agencies with December 2013 or earlier fiscal year-ends. For the most part, these agencies had effective financial-related processes, complied with related authorities, and had reliable financial statements (see **Appendix 1**).

The six annual integrated audit chapters in this Report contain four new recommendations, of which three pertain to school divisions. The new recommendations relate to the need to more actively oversee management, better segregate incompatible duties, follow existing purchasing policies, and approve and test information technology disaster recovery plans.

Also, we report many school divisions made good progress in addressing most of our prior recommendations.

Annual Information Technology Audits—Overview

We use the term "**annual information technology audits**" to describe our annual audits of three central agencies that provide key information technology (IT) services to other government agencies. In these audits, we assess the effectiveness of the central agencies' processes and controls to secure IT systems and data. These audits support our annual integrated audits of government agencies that use the services of these central agencies.

In this Report, we include the results of our annual information technology audits of the Public Service Commission – MIDAS HR/Payroll, the Ministry of Finance – MIDAS Financials, and the Ministry of Central Services – Information Technology Division (formerly referred to as the Information Technology Office or ITO).

The Ministry of Finance and Public Service Commission (PSC) are responsible for MIDAS Financials and MIDAS HR/Payroll, respectively. MIDAS (short for Multi-Informational Database Application System) is a ministry-wide IT application used to account for the financial activity of core government and for employee, payroll, and benefit administration of staff employed within the core government.

The Ministry of Central Services is responsible for the security of a data centre that houses IT systems and data for 26 ministries and agencies.

We found that:

- The Ministry of Finance used effective central controls in 2013 to manage and secure MIDAS Financials; as a result, there is no related chapter in this Report.
- Other than not consistently reviewing payroll reports and removing unnecessary privileged user access on a timely basis, the Public Service Commission had effective central controls to manage and secure MIDAS HR/Payroll.
- While in 2013 ITO partially improved its processes to keep the data centre secure, significant weaknesses remained. As a result, there is a continued risk of unauthorized access to and inappropriate modification of IT systems or data, and that government IT systems and data housed at the data centre may not be available when required.

Performance Audits—Overview

We use the term "**performance audits**" to describe audits that take a more in-depth look at management issues related to management of public resources or compliance with legislative authorities.

In this Report, we include the results of seven performance audits.

In two audits, we assessed the effectiveness of key regulatory processes that are essential to keep the public safe. Timely and appropriate inspections of boilers and pressure vessels help prevent equipment malfunction and reduces the risk of explosions. Effective monitoring of public wastewater systems helps protect our environment and, in turn, the public's health and safety. We found that:

- The Technical Safety Authority of Saskatchewan (TSASK) had effective processes to inspect boilers and pressure vessels except for a number of key areas. These areas include the need to formally assess identified risks using a risk-informed strategy to decide which boilers and pressure vessels to inspect and when. Also, TSASK needs written policies and procedures for handling incidents and complaints and for following up inspection deficiencies. It needs to establish processes for tracking and monitoring inspections done by boiler and pressure vessel operators, and for its electronic inspection records. We made nine recommendations for improvement.

- The Water Security Agency had effective processes to regulate public wastewater systems with the following exceptions. The Agency needs to update its wastewater system design requirements and regulations to reflect the incoming stricter effluent standards. For wastewater system owners who fail to upgrade wastewater systems as required, the Agency must take timely action to avoid discharge of inadequately treated effluent. Because mechanical wastewater systems continually discharge a large volume of effluent into the environment, it must get more frequent information to better monitor effluent discharged. We made four recommendations for improvement.

In two other audits, we assessed the effectiveness of processes in the healthcare system that can help improve the quality of health care, and make the best use of resources. We audited processes to prevent and control infections in long-term care facilities, and processes to share with healthcare professionals the patient data captured within the provincial electronic health records (EHR). We found that:

- Sunrise Regional Health Authority had effective processes to prevent and control infections in its 14 long-term care facilities with exceptions in four key areas. Sunrise needs to make its infection prevention and control plan more robust. It must take steps so that consistent infection prevention and inspection practices are known and followed in each of its facilities. This includes having a training plan to provide updates on practices related to hand hygiene, cleaning of resident rooms, and handling laundry. Also, it needs a system to collect, analyze, and report on key infection trends. We made ten recommendations for improvement.

- eHealth Saskatchewan had effective processes to share patient data captured within the provincial electronic health records (EHR) among healthcare professionals with exceptions in four key areas. To ensure relevant and timely information is available for patient care, eHealth must establish standard data requirements in electronic format for all provincial repositories, and define strategies to identify and collect key patient data. To facilitate efficient development of the provincial EHR, eHealth needs an operational plan and the responsibility for managing and maintaining all provincial data repositories. Also, the Ministry of Health needs to allocate IT capital funding related to EHR development based on a provincial strategy. We made five recommendations for improvement.

In two other audits, we looked at how well agencies delivered key programs for which they were responsible. We audited Saskatchewan Apprenticeship and Trade Certification Commission's apprenticeship and trade certification program, and Saskatchewan Immigrant Investor Fund Inc.'s "HeadStart on a Home" program.

- The Apprenticeship and Trade Certification Commission had effective processes to enable its over 10,000 apprentices to achieve Interprovincial Standards Red Seal

certifications with the following exceptions. Some of its performance measures did not have measurable targets. It needs better reporting of on-the-job trade hours from its apprentices and on its progress. Also, it did not have a formal policy to help decide which employers to inspect and how often, or a formal process to make certain employers comply with requirements. We made eight recommendations for improvement.

- Other than the need to clearly define its performance measures and to document its methods for calculating them, Saskatchewan Immigrant Investor Fund Inc. had effective processes to operate "HeadStart on a Home" to meet its program objectives. Its program objectives were to stimulate construction of entry-level homes, create employment, and prudently manage cash flows to ensure timely repayment of the $176.5 million of federal immigrant investor funds. We made one recommendation for improvement.

In one other audit, we looked at how well the Ministry of Justice provides the Chief Judge (who is responsible for the Provincial Court) with administrative support to manage Provincial Court workloads. Provincial Court is held in 83 places located throughout the province. Court workloads may affect scheduling of hearings and in turn, the delivery of justice. We found that:

- The Ministry of Justice's processes were effective except for five key areas. To better support court workloads, the Ministry needs clear and appropriate performance measures and targets, a complete process to forecast related budgetary resources, and consistent administrative processes for its various court locations. Also, it needs a complete human resource plan for staff supporting the court, and to better collect and analyze information related to its management of court workloads. We made six recommendations for improvement.

Audit Follow-Ups—Overview

We use the term "audit follow-ups" to describe our assessments of whether government agencies have taken actions to address recommendations that we made in our past performance audits. We carry out an initial follow-up either two or three years after our original audit, and subsequent follow-ups every two or three years thereafter until the recommendations are implemented.

As shown in **Exhibit 3.0**, for this Report, we followed up 68 recommendations made in 15 previous audits.

On an overall basis, we are pleased with the progress of most agencies in implementing our recommendations. Those agencies implemented 41% of the recommendations (i.e., 28 out of 68 recommendations); they implemented over two-thirds of them within either two or three years (i.e., 19 in our initial follow-ups of the 28 recommendations implemented). However, we found that while three agencies are making some progress, these agencies have not yet fully implemented recommendations we made over six years ago. We encourage them to make implementation of these outstanding recommendations a priority.

Studies—Overview

From time-to-time, we carry out studies to look at particular topics in more depth to enable us to provide the Assembly with our views and advice on these topics. This Report includes one study on the area of public-private partnerships (commonly referred to as P3s). We recognize the Government plans to increase its use of P3s. Because P3s can be of significant economic and social importance, proper management of them is critical.

This study builds on our Office's 2001 work by setting out best practices for managing risks specific to P3s. It recognizes that P3s can create some unique and specific risks. As such, the study did not examine or set out risks common to purchasing decisions and managing complex contractual arrangements. Rather, the study groups the best practices related to specific risks to manage P3s into seven categories: accountability and transparency, capacity, assessment, meeting needs, risk transfer, innovation, and sustained monitoring. We encourage agencies to consider these best practices when looking at the use of P3s and entering into P3 arrangements.

South East Cornerstone School Division No. 209 Denies Access to Information

Timely access to information is essential for the Office to fulfill its responsibilities under *The Provincial Auditor Act*. Under the Act, the Office is entitled to have access to all information relevant and necessary to do its work. As the Office identifies the information it needs (for example, documents, reports, or access to individuals), the government agency being audited is to provide the Office with access to the requested information. Delaying, or not providing the Office with requested information can equate to a real or perceived access denial, which may be seen as a government-imposed limitation on the Office and interference with the Office's ability to do its job.

Sometimes, the information we need during the course of an audit is information not otherwise accessible to the public, even through an access to information request. *The Provincial Auditor Act* includes protections to ensure the confidentiality of this information. In addition, our Office has many safeguards in place to protect privacy, such as reviewing files and samples with identifying information removed.

This year, we commenced an audit to assess South East Cornerstone School Division No. 209's processes for promoting positive student behaviour. We selected this audit because of the importance that the public and the Government has placed on promoting positive student behaviour in the education sector, as evidenced by the Government's *Saskatchewan's Action Plan to Address Bullying and Cyberbullying*. This report recognizes that too many children and youth are targets of bullying and cyberbullying.

Promoting positive student behaviour is vitally important in facilitating student success and providing a safe and productive learning environment. School divisions have a critical role in promoting positive student behaviour. *The Education Act* makes school divisions responsible for setting policies for student behaviour. To promote positive student behaviour, school divisions may limit student misbehaviour, address reasons for student absenteeism, and help students function in a positive manner.

The Provincial Auditor is required by *The Provincial Auditor Act* and by professional standards to report to the Legislative Assembly cases where agencies refuse to provide the Office with access to requested information. For this reason, I report that, at this time, we have been unable to complete our audit at South East Cornerstone because its Board denied us access to the information required to carry out the audit.

In mid-January 2014, the Chair of the Board of South East Cornerstone acknowledged, in writing, that he read and understood our audit plan. Our audit plan set out the audit objective, criteria, audit approach, and tentative timetable.

In late January 2014, our Office asked for access to information that would show South East Cornerstone's practices and whether its policies and procedures were used and worked as expected. South East Cornerstone refused to provide such access, citing its responsibility to protect private and personal information pertaining to students and their families from public disclosure.

Our Office acknowledged South East Cornerstone's concern, and has attempted to resolve this issue with both the Division's management and Board, as well as with the Ministry of Education. We met with the Board and explained, verbally and in writing, the purpose of our request and our authority to make it. Also, we explained, verbally and in writing, the safeguards embedded in our Act to preserve the confidentiality of information and processes our Office uses to keep information confidential.

Furthermore, we discussed with the Board alternate means of providing us with access to the requested information. We explained that we were not interested in private or personal student information and could do the audit without seeing student names or reviewing the detailed contents of student or counselor files. For example, the Division could provide information based on unique student numbers that the Ministry expects school divisions to use. Or the Division could give us access to copies of documents from files with student names or any other identifying information removed (i.e., redacted). We also expressed willingness to work with school division staff as we audit, who could verbally describe to us relevant information in the files without mention of student names or other private information.

In addition, we consulted with senior officials of the Ministry of Education. The Ministry asked the Board to cooperate with the audit and provide us with access to the requested information. Even then, the Board and management refused to do so.

On April 17, 2014, our Office received from the Chair of the Board of South East Cornerstone a copy of the following resolution of the Board. In the resolution, the Board denies us access to requested information and does not include consideration of giving us access using alternate means that address privacy and confidentiality concerns:

> *Provincial Auditor Request*
>
> *That the Board of Education deny the request of the Provincial Auditor to access student cumulative files and confidential counselors' files on students including information pertaining to misbehaviour and discipline for the purpose of the Provincial Audit of School Division Processes for Promoting Positive Student Behaviour. The reasons for denial are the requirement of the Board of Education to protect private and personal information pertaining to students and their families, and the lack of proof of sufficient authority for the disclosure of personal information in question.*

Because South East Cornerstone has not provided access to evidence on whether its processes were used or worked as expected, we have not been able to complete our audit. At the time of writing this Report, our Office is working with the Ministry of Education and remains optimistic that this matter will be resolved.

2.0 ACKNOWLEDGMENTS

We appreciate and thank the staff and management of all government agencies along with their appointed auditors (if any) for the cooperation we received in the completion of the work included in this Report.

As Acting Provincial Auditor, I thank the dedicated professionals in the Office (see below) for their diligence and commitment. Only through their hard work can we fulfill our mission—*to serve the Members of the Legislative Assembly and the people of Saskatchewan, we provide independent assurance and advice on the management, governance, and effective use of public resources*.

Also, recently Ed Montgomery, Deputy Provincial Auditor, and Glen Nyhus, Audit Principal, retired from the Office. Through their efforts and actions during their careers with the Office, they each have contributed greatly to the success of the Office and have served the legislators and the Saskatchewan public well.

Provincial Auditor Team		
Ahmad, Mobashar	Anderson, Mark	Bachelu, Gaylene
Borys, Angèle	Carlson, Troy	Clemett, Tara
Deis, Kelly	Dickin, Deann	Dressler, Nicole
Drotar, Charlene	Duran, Jason	Fink, Diana
Firth, Tayler	Forbes, Krysten	Halladeen, Aaron
Harasymchuk, Bill	Heebner, Melanie	Iles, Amanda
King, Mark	Klassen, Linda	Kress, Jeff
Lam, Betty	Lefebvre, Jennifer	Lindenbach, Michelle
Lowe, Kim	Ludwig, Carly	McIntyre, Mitchell
McKillop, Steven	Mosley, Whitney	Neher, Kendra
Novakovski, Jade	Ochieng, Jennifer	O'Quinn, Carolyn
Ortman, Matt	Pattullo, Candice	Peace, Dylan
Pituley, Jonathan	Poelzer, Max	Rau, Brent
Robertson, Jennifer	Rowe, Marisa	Rybchuk, Corrine
Schwab, Victor	Scott, Doug	Shaw, Jason
Shorten, Karen	Sommerfeld, Regan	St. John, Trevor
Stroh, Evan	Sych, Larissa	Taylor, Linda
Tomlin, Heather	Trivedi, Devanshi	Volk, Rosemarie
Wandy, Jason	Warkentin, Megan	Watkins, Dawn
Wolfond, Josh	Wouters, Shauna	Yanyu, Melissa
Yee, Christine	Yee, Ken	Zerr, Jennifer

3.0 Exhibit—Summary of Results of Audit Follow-Up

Chapter Name	Related Initial Report *	Number of Recommendations	Status of Recommendations		
			Implemented	Partially Implemented	Not Implemented
Initial Follow-ups					
Agriculture—Irrigation Infrastructure Maintenance	2011 Report – V2	5	3	2	-
Central Services—Planning Accommodation	2011 Report – V1	6	2	2	2
Education—Graduation Rates	2012 Report – V1	10	-	3	7
Highways and Infrastructure—Bridge Maintenance	2011 Report – V1	4	2	2	-
Justice—Maintenance Enforcement	2012 Report – V1	5	2	1	2
Labour Relations and Workplace Safety—Addressing Workplace Noncompliance	2011 Report – V2	5	5	-	-
Saskatchewan Housing Corporation—Housing Maintenance	2012 Report – V1	4	-	1	3
SaskPower—Gas and Electrical Installation Inspection	2011 Report – V2	7	5	1	1
Initial Follow-ups Subtotal		**46**	**19**	**12**	**15**
Subsequent Follow-ups		**			
Central Services—Building Maintenance	2009 Report – V1	5	5	-	-
Education—Instruction Time	2009 Report – V3	4	1	-	3
Environment—Regulating Reforestation	2009 Report – V3	6	3	3	-
Public Employees Benefits Agency—Information Technology Security	2010 Report – V2	1	-	1	-
Saskatchewan Water Corporation—Maintaining Infrastructure	2006 Report – V1	2	-	2	-
SaskPower—Procurement	2007 Report – V3	2	-	2	-
Water Security Agency—Dam Safety	2005 Report – V1	2	-	2	-
Subsequent Follow ups Subtotal		**22**	**9**	**10**	**3**
Overall Total		**68**	**28**	**22**	**18**

* V – means Volume

** For "Subsequent Follow-ups", the "Number of Recommendations" is the number of recommendations that remained not implemented after the previous follow-up.

Annual Integrated Audits

Chapter		Page
1	Municipal Employees' Pension Plan	11
2	Saskatchewan Housing Corporation	15
3	Saskatchewan Telecommunications Holding Corporation	17
4	Saskatchewan Water Corporation	21
5	School Divisions	23
6	Summary of Implemented Recommendations	33

Chapter 1
Municipal Employees' Pension Plan

1.0 Main Points

This chapter contains the results of our 2013 audit of the Municipal Employees' Pension Plan (Plan). The Plan's 2013 financial statements are reliable and it complied with its governing authorities. The Plan also had effective controls to safeguard public resources except that additional financial reporting controls are required to ensure accurate reporting and appropriate disclosure of investment risks in its financial statements.

2.0 Introduction

The Plan is registered under the *Income Tax Act* (Canada) and is governed by *The Municipal Employees' Pension Act* and related regulations, as well as *The Pension Benefits Act, 1992* and related regulations. The Plan is a multi-employer defined benefit[1] plan.

In 2013, 733 employers participated in the Plan, of which the majority were towns and villages, and rural municipalities. In 2013, the Plan had more than 18,000 active members and 4,500 pensioners. Active members contribute a fixed percentage of their salary and employers match these contributions. Members receive formula-based pension, disability, death, and termination benefits.

The Municipal Employees' Pension Commission (Commission) is responsible for administering the Plan including holding and investing the money of the Plan. An adequate level of contributions and positive investment returns are necessary to secure the Plan's ability to pay pension benefits.

The Commission has engaged the Public Employees Benefits Agency (PEBA) as the plan administrator. On the Commission's behalf, PEBA manages the Plan's contributions, pensions, and plan assets.

At December 31, 2013, the Plan held $1.7 billion in total assets (2012 – $1.6 billion restated) and had liabilities of $1.5 billion (2012 – $1.4 billion). For the year ended December 31, 2013, the Plan had total revenues of $242.4 million (2012 – $270.1 million restated), and total expenses of $119.0 million (2012 – $102.1 million).

3.0 Audit Conclusions and Scope

Our Office worked with Deloitte LLP, the appointed auditor, to carry out the audit of the Plan. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors.*[2]

[1] A defined benefit pension plan is a pension plan that specifies the pension that members of the plan receive on retirement and/or the method that determines the pension.
[2] See our website at www.auditor.sk.ca.

In our opinion, for the year ended December 31, 2013:

- **The Commission had effective rules and procedures to safeguard the Plan's public resources except for the matter reported in this chapter**

- **The Commission complied with the following authorities governing the Plan's activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

  The Municipal Employees' Pension Act
  The Municipal Employees' Pension Regulations
  The Pension Benefits Act, 1992
  The Pension Benefits Regulations, 1993
  The Tabling of Documents Act, 1991
  Pension Benefits Standards Regulation 1985 (Canada)
  Income Tax Act (Canada) [Sections: 147.1 - 147.3]
  Income Tax Act Regulations (Canada) [Sections: 8501 - 8505, 8512, 8514, 8520]

- **The Plan had reliable financial statements**

We used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of the Commission's controls. The CICA defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

We examined the effectiveness of the Plan's financial-related controls used to administer the revenues, expenses, assets, and liabilities noted in **Section 2.0**. Also, we examined the effectiveness of the controls it used to keep reliable financial records and prepare reliable financial reports.

4.0 Key Finding and Recommendation

In this section, we outline key observations from our assessments and the resulting recommendations.

4.1 Additional Financial Reporting Controls Required

We recommended that the Municipal Employees' Pension Commission direct the Plan's administrator to establish additional financial reporting controls to ensure those responsible for the preparation of the Plan's financial statements obtain sufficient information to appropriately disclose risks relating to investments in the Plan's financial statements. (2013 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)

Status – Partially Implemented

The Commission invests Plan money in many different types of investments. Some of the investments are sophisticated in nature. Some investments require management to calculate estimates for year-end financial reporting. As a result, additional financial

reporting controls are required to ensure accurate reporting and appropriate disclosure of investment risks in the financial statements.

Our *2013 Report – Volume 1,* Chapter 1, reported that the Commission needs additional financial reporting controls to ensure those responsible for the preparation of the Plan's financial statements obtain sufficient information to appropriately disclose risks related to investments in the Plan's financial statements. These additional financial reporting controls, such as the use of checklists and discussions with PEBA's investment staff, would help confirm understanding of the investments and ensure accurate financial reporting of the Plan's investments.

In November 2013, a $17.6 million error was discovered in the calculation of the 2012 market value of the infrastructure assets.[3] The asset and revenue amounts reported in the 2012 financial statements were too high. As a result, the 2012 amounts reported in the 2013 financial statements were restated (corrected). Had the controls previously recommended been operating effectively throughout the period, this error may have been identified sooner.

In response to this error, PEBA implemented additional financial reporting controls, such as the use of checklists and working collaboratively with PEBA's investment services staff. An additional level of review and approval of the investment numbers is also performed by PEBA's investment staff to ensure accurate reporting and appropriate disclosure of investment risks in the financial statements.

[3] Infrastructure assets are investments made in companies that operate basic physical systems such as airports and ports, and gas, electrical, and waste management systems.

Chapter 2
Saskatchewan Housing Corporation

1.0 Main Points

Saskatchewan Housing Corporation's (SHC) financial statements for the year ended December 31, 2013 are reliable and it complied with authorities governing its activities related to financial reporting, safeguarding resources, revenue raising, spending, and investing. In 2013, SHC had effective rules and procedures to safeguard public resources except that it did not ensure that its information technology (IT) service provider had tested its disaster recovery procedures. Testing disaster recovery procedures is necessary to ensure that delivery of critical services can continue in the event of a disaster.

2.0 Introduction

The Ministry of Social Services (Ministry) is responsible for SHC. The Ministry's mandate is to support citizens at risk as they work to build better lives for themselves through economic independence, strong families, and strong community organizations.[1] SHC provides housing and housing services for people who cannot otherwise afford adequate, safe, and secure shelter.

In 2013, SHC had total revenues of $224.5 million and total expenses of $193.1 million. At December 31, 2013, SHC had total assets of $323.6 million. SHC's annual reports can be found at www.socialservices.gov.sk.ca/housing.

3.0 Audit Conclusions

Our Office worked with KPMG LLP, the appointed auditor, to form our opinions. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.[2]

In our opinion, for the year ended December 31, 2013:

- **SHC had effective rules and procedures to safeguard public resources except for the matter described in this chapter**
- **SHC complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

  The Saskatchewan Housing Corporation Act
  The Financial Administration Act, 1993
  Orders in Council issued pursuant to the above legislation

- **SHC had reliable financial statements**

[1] Ministry of Social Services, *2012-13 Annual Report*, p. 4.
[2] See our website at www.auditor.sk.ca.

4.0 Key Finding and Recommendation

In this section, we outline key observations from our assessments and the resulting recommendation.

4.1 Agreement for Disaster Recovery Needs Improvement

We recommended that the Saskatchewan Housing Corporation sign an agreement with the Information Technology Office that includes testing of disaster recovery procedures. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

Status – Not Implemented

At December 31, 2013, SHC's agreement with its information technology service provider (Information Technology Office of the Ministry of Central Services) did not adequately address testing of disaster recovery procedures. As a result, SHC does not know whether systems and data can be restored on a timely basis in the event of a disaster.

Effective January 2014, the agreement was revised to require that disaster recovery procedures be tested annually.

Chapter 3
Saskatchewan Telecommunications Holding Corporation

1.0 Main Points

Saskatchewan Telecommunications Holding Corporation (SaskTel), the companies it owns, and its Pension Plan complied with the authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. As well, SaskTel's financial statements were reliable, as were those of its companies and Pension Plan.

SaskTel, its companies, and its Pension Plan had effective rules and procedures to safeguard public resources except that the Board of Saskatchewan Telecommunications International, Inc. (SaskTel International) needs to more actively oversee its management to better identify and address risks of management override and circumvention of controls. Management override and deliberate misrepresentation of revenues to the auditor were found during 2013. These signal a significant breakdown of controls. Management has established and implemented a revised accounting policy and internal control procedures related to recording of revenue. Key senior management personnel subsequently changed.

2.0 Introduction

SaskTel markets and supplies a range of voice, data, Internet, wireless, text, image, directory, security and entertainment products, systems, and services. SaskTel provides these products and services through its companies listed in **Section 2.1**.

This chapter discusses the results of our 2013 audits of SaskTel, the companies it owns, and its Pension Plan.

2.1 Related Companies and Pension Plan

At December 31, 2013, SaskTel wholly owned the following companies with active operations (SaskTel's companies):

Saskatchewan Telecommunications
Saskatchewan Telecommunications International, Inc.
DirectWest Corporation
SecurTek Monitoring Solutions Inc.

Also, SaskTel sponsors and administers the Saskatchewan Telecommunications Pension Plan. For additional information on SaskTel and its companies, see SaskTel's website at www.sasktel.com.

2.2 Financial Overview

For the year ended December 31, 2013, SaskTel had net income of $90.1 million (2012 - $106.3 million restated), and at December 31, 2013, had total assets of $2.01 billion (2012 - $1.81 billion) and total liabilities of $1.24 billion (2012 - $1.24 billion restated).

3.0 Audit Conclusions and Scope

Our Office worked with KPMG LLP, the appointed auditor, to carry out the audit of SaskTel, SaskTel's companies, and its Pension Plan. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors.*[1]

In our opinion for the year ended December 31, 2013:

- **SaskTel, SaskTel's companies, and its Pension Plan each had effective rules and procedures to safeguard public resources except for the matter related to SaskTel International described in this chapter**

- **SaskTel, SaskTel's companies, and its Pension Plan each complied with the following authorities governing their activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

  The Saskatchewan Telecommunications Holding Corporation Act
  The Saskatchewan Telecommunications Act
  The Crown Corporations Act, 1993
  The Business Corporations Act (Saskatchewan)
  The Financial Administration Act, 1993
  The Pension Benefits Act, 1992
  The Corporation Capital Tax Regulations, 1984
  The Pension Benefits Regulations, 1993
  The Crown Corporations Regulations, 1993
  Business Corporations Act (Canada)
  Telecommunications Act (Canada)
  Relevant Canadian Radio-television and Telecommunications Commission decisions
  Orders in Council issued pursuant to the above legislation

- **SaskTel, SaskTel's companies, and its Pension Plan each had reliable financial statements**

We used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of SaskTel's controls. The CICA defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

For SaskTel, SaskTel's companies, and its Pension Plan, we examined the effectiveness of the financial-related controls used to administer their revenues, expenses, assets and liabilities. Also, we examined the effectiveness of the controls used to keep reliable financial records and prepare reliable financial reports.

[1] See our website at www.auditor.sk.ca.

4.0 Key Finding and Recommendation

In this section, we outline key observations from our assessments and the resulting recommendation.

4.1 SaskTel International – Collusion Circumvents Controls

SaskTel International provides customized software, turn-key telecommunications projects, and consulting services. For the year ended December 31, 2013, SaskTel International had net income of $1.7 million (2012 - $0.5 million restated), and at December 31, 2013, had total assets of $6.9 million (2012 - $6.3 million restated) and total liabilities of $5.4 million (2012 - $3.8 million restated).

To recognize its revenue from operations, SaskTel International uses the percentage of completion method. Under the percentage of completion method, revenue is recognized in the accounting period based on the extent of work completed in that period relative to the value of the contract. During 2013, it was discovered that SaskTel International, in prior years, did not record revenue related to certain software development projects in the correct accounting period and reported inaccurate interim and year-end financial results. For example, the reported 2012 revenue of $12.7 million was overstated by $250,000.

Further examination indicated that these errors appeared to be the result of collusion, including management override,[2] to circumvent control activities[3] and deliberate misrepresentation of information to the auditor during the financial statement audits for the years ended December 31, 2011 and December 31, 2012. Also, further examination did not identify any personal gain on behalf of management or employees of SaskTel International as a result of these errors.

Before year end, SaskTel International revised its accounting policy and internal control procedures related to revenue. Management corrected its prior year financial results. As a result, the December 31, 2013 financial statements disclose material adjustments to increase opening retained earnings[4] as of January 1, 2012 by $760,000 and to decrease revenue for the year ending December 31, 2012 by $250,000. Also, members of SaskTel International management and other employees responsible for the inaccurate reporting were either terminated or have left the company.

SaskTel International's Board is responsible for actively overseeing management. Active oversight helps ensure appropriate controls are in place and functioning effectively. It also helps the Board identify risk of potential failures or breakdowns of controls and to take appropriate mitigating steps. The Board of SaskTel International needs to more actively oversee its management.

---

[2] Management override is the deliberate intervention by management in handling financial information and making decisions contrary to established internal control policies.

[3] Control activities include policies and procedures, such as segregation of duties and the performance of financial reconciliations.

[4] Retained earnings represent the portion of net income of a corporation that is retained rather than distributed to shareholders as dividends. Retained earnings are reported on the statement of financial position as part of shareholders' equity.

1. **We recommend that the Board of Saskatchewan Telecommunications International, Inc. more actively oversee management to better identify risk of management override and circumvention of controls.**

Chapter 4
Saskatchewan Water Corporation

1.0 Main Points

The Saskatchewan Water Corporation's (SaskWater) financial statements are reliable. It complied with the authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing. SaskWater had effective rules and procedures to safeguard public resources except it needs to implement and test a business continuity plan.

2.0 Introduction

SaskWater operates under *The Saskatchewan Water Corporation Act* (Act). Its mandate is to construct, acquire, manage, or operate waterworks and provide services in accordance with the agreements it makes under the Act.

SaskWater's head office is located in Moose Jaw, Saskatchewan. It has approximately 117 employees in 15 provincial locations. To deliver its services, SaskWater designs, builds, owns and operates transmission, regional, and stand-alone water supply systems and wastewater systems. SaskWater also provides certified operation and maintenance services to customer-owned systems. In 2013, it provided operator training to 29 Saskatchewan First Nations communities.

As of December 31, 2013, SaskWater provided services to approximately 66,000 people in 63 communities, seven rural municipalities, 83 rural pipeline groups, 16 industrial and approximately 237 commercial and end user customers. It owns eight water treatment plants, three wastewater facilities, 39 pump stations, and approximately 876 kilometers of pipeline.[1]

2.1 Financial Overview

At December 31, 2013, SaskWater held assets of $223.9 million (2012 - $186.4 million) and had long-term debt totalling $38.7 million (2012 - $38.7 million). For the year ended December 31, 2013, SaskWater had operating revenue of $42.3 million (2012 - $41.8 million) and had net income of $3.5 million (2012 - $3.0 million). Each year, SaskWater provides its annual report including its audited financial statements to the Legislative Assembly. The annual report can be found on its website.[2]

3.0 Audit Conclusions and Scope

Our Office worked with Deloitte LLP, the appointed auditor, to carry out the audit of SaskWater. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.[3]

[1] www.saskwater.com (20 March 2014).
[2] Ibid.
[3] See our website at www.auditor.sk.ca.

In our opinion, for the year ended December 31, 2013:

- **SaskWater had effective rules and procedures to safeguard public resources except for the matter described in this chapter**

- **SaskWater complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

  The Saskatchewan Water Corporations Act
  The Crown Corporations Act, 1993
  The Crown Corporations Regulations, 1993
  The Financial Administration Act, 1993
  The Crown Employment Contracts Act
  Orders in Council issued pursuant to the above legislation

- **SaskWater's financial statements are reliable**

We used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of SaskWater's controls. The CICA defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

4.0 Key Finding and Recommendation

4.1 Business Continuity Plan Needed

We recommended that Saskatchewan Water Corporation implement and test a business continuity plan. (2012 Report – Volume 1; Standing Committee on Crown and Central Agencies agreement March 12, 2014)

Status – Partially Implemented

SaskWater has initiated a project to implement this recommendation. In 2012, it completed a business impact analysis designed to identify and assess the threats and risks a disaster would have on its operations. In 2013, it drafted a plan and ran a mock disaster scenario to test the plan. It is currently refining the plan and intends to conduct another test simulation in 2014. In addition, in the event a disaster occurs, SaskWater has contracted with a disaster solution company to provide it with an emergency command centre, mobile office (as required), and IT and communication infrastructure.

SaskWater expects to have fully implemented this recommendation by December 31, 2014.

Chapter 5
School Divisions

1.0 Main Points

This chapter reports the results of the annual audits of the 28 school divisions for the year ended August 31, 2013.

The 2012-13 financial statements of each of these school divisions were reliable and each complied with authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

Also, each school division had effective rules and procedures to safeguard public resources except for the matters related to seven school divisions. These school divisions need to better segregate incompatible duties, follow existing policies (such as those for making purchases), establish adequate information technology (IT) security policies, have approved and tested IT disaster recovery plans, and evaluate management's performance.

In 2012-13, several school divisions improved their internal controls from the prior year. They followed their policies or implemented better ones, approved and tested their IT disaster recovery plans, and better monitored their capital assets.

2.0 Introduction

The Education Act, 1995 and regulations set out the roles and responsibilities of the Ministry of Education (Ministry) and of school divisions.

The Ministry is responsible for all matters related to early learning, elementary, and secondary education. It is expected to provide leadership and coordination in all areas. It oversees school divisions.

Boards of education (school boards), including the conseil scolaire (French language schools), govern school divisions.[1] Members of school boards are elected. School boards administer and manage schools whether they are public, separate, or French language schools.

At August 31, 2013, there were 28 school divisions in Saskatchewan (see **Exhibit 5.1**). Over 168,000 students attend more than 600 Saskatchewan schools each day.

At August 31, 2013, the school divisions held net financial assets of $282 million (2012 - $265 million) and non-financial assets of $1.6 billion[2] (2012 - $1.5 billion). For 2012-13, the school divisions had revenue totalling $2.1 billion (2011-12 - $2.0 billion) including $1.3 billion (2011-12 - $1.3 billion) from the Ministry and expenses totalling $1.9 billion (2011-12 - $1.9 billion).

[1] *The Education Act, 1995* defines school divisions as public and separate school boards only.
[2] The majority of the balance of non-financial assets consists of capital assets.

3.0 Audit Conclusions and Scope

Our Office worked with appointed auditors (see **Exhibit 5.1**) to carry out the audits of the school divisions. We followed the framework in the *Report of the Task Force on Roles, Responsibilities and Duties of Auditors*.[3]

In our opinion, for the year ended August 31, 2013:

- **Each school division complied with the following authorities governing its activities related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing:**

  The Education Act, 1995
  The Education Regulations, 1986
  The Financial Administration Act, 1993 (Section 38)
  The Pension Benefits Act, 1992 (Section 44)
  The Pension Benefits Regulations, 1993 (Section 38)
  Pension Benefit Standards Regulations, 1985 (Canada) [Sections 9(1), 11(1)]

- **The financial statements of each school division are reliable**

- **Each school division had effective rules and procedures to safeguard public resources except for the matters related to the following school divisions: Chinook, Horizon, Ile-a-la Crosse, Living Sky, North East, Northern Lights, and Prince Albert**

We used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make our judgments about the effectiveness of each school division's controls. The CICA defines control as comprising elements of an organization that, taken together, support people in the achievement of an organization's objectives.

We examined the effectiveness of each school division's controls used to administer its revenues, expenses, assets, and liabilities. Also, we examined the effectiveness of the controls used to keep reliable financial records and prepare reliable financial statements.

4.0 Key Findings and Recommendations

In this section, we outline key observations from our assessments and the resulting recommendations.

4.1 Segregation of Duties and Compliance with Policies Needed

Three school divisions need to better segregate incompatible duties among their employees to safeguard public resources from misuse and make sure staff comply with established policies. Two school divisions improved their policies and/or compliance with them.

[3] See our website at www.auditor.sk.ca.

Certain functions and duties are not compatible in that if the same individual handles these functions or duties, the risk of fraud or error increases. Good internal controls separate the following functions: the custody of or access to assets (e.g., cash), the initiation of transactions (e.g., decision to buy), the approval of transactions (e.g., approval to buy), and the responsibility for recording and reporting transactions (e.g., recording amounts in the accounting records). Agencies use policies and procedures to segregate these functions and duties among employees. When employees do not follow established policies and procedures, the risk of misappropriation of assets or errors increases.

4.1.1 Segregation of Duties and Compliance with Purchasing Policies Needed at Prince Albert

We found that Prince Albert Roman Catholic Separate School Division No. 6 (Prince Albert) had not adequately segregated incompatible duties among its employees. During the year, Prince Albert had not segregated:

- The preparation of bank deposits from making bank deposits
- The receipt of inventory from updating of inventory records in the accounting system
- Staff's access to the accounts payable system from their ability to sign cheques

We also found that staff can set up new employees in the payroll system. However, Prince Albert did not have processes to verify that these new employees exist and information entered is correct. Also, staff did not follow Prince Albert's purchasing policy during the year. We found several instances where the appropriate authority did not approve purchase orders.

1. **We recommend that Prince Albert Roman Catholic Separate School Division No. 6 adequately segregate the duties of staff to reduce the risk of misappropriation of assets or errors.**

2. **We recommend that Prince Albert Roman Catholic Separate School Division No. 6 follow its purchasing policy.**

We recommended that Prince Albert Roman Catholic Separate School Division No. 6 independently review and approve bank reconciliations. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Implemented

During 2012-13, Prince Albert appropriately reviewed and approved its bank reconciliations.

4.1.2 Policies for Recording Journal Entries Needed at Ile-a-la Crosse

We recommended that Ile-a-la Crosse School Division No. 112 formally document and implement a policy for recording amounts (i.e., journal entries) in its accounting records including independent review and approval. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

Ile-a-la Crosse School Division No. 112 did not implement a policy on journal entries. We found instances where journal entries were not independently reviewed and approved. This increases the risk of unauthorized entries made to the accounting records.

4.1.3 Compliance with Purchasing Policies Needed at North East

We recommended that North East School Division No. 200 follow its purchasing policy. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

North East School Division No. 200 did not follow its purchasing policy during the year. We found several instances where purchases made did not have a corresponding approved purchase order. This increases the risk the school division may acquire unnecessary goods or services or not obtain best value.

4.1.4 Chinook and Sun West Established and Used New Policies

We recommended that Chinook School Division No. 211 formally document and implement a policy for recording amounts (i.e., journal entries) in its accounting records including independent review and approval. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Implemented

We recommended that Chinook School Division No. 211 formally establish and implement a purchasing policy. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Implemented

We recommended that Sun West School Division No. 207 follow its purchasing policy. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Implemented

We recommended that Sun West School Division No. 207 formally establish and implement a policy for making any changes to its payroll system. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Implemented

In 2012-13, both Chinook and Sun West implemented the above recommendations. They either established and implemented policies, or adhered to existing policies.

4.2 IT Security Policies Improving for Many School Divisions

Seven of the ten school divisions with problems last year improved their information technology (IT) security policies; three school divisions had not yet done so. IT security policies help ensure the confidentiality, integrity, and availability of information systems and data. These policies include the rules that staff need to follow.

4.2.1 Prince Albert, Chinook, and Living Sky Need to Establish Adequate IT Security Policies

We recommended that Prince Albert Roman Catholic Separate School Division No. 6 establish adequate information technology security policies. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

We recommended that Chinook School Division No. 211 establish adequate information technology security policies. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

We recommended that Living Sky School Division No. 202 establish adequate information technology security policies. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

During our 2013 audits, we found that Prince Albert, Chinook, and Living Sky had not yet established adequate IT security policies. Without adequate IT security policies, the school divisions' systems and data are at increased risk of unauthorized access, inappropriate changes, and information not being available when needed.

4.2.2 Seven School Divisions Established Adequate IT Security Policies

We recommended that each of the following school divisions establish adequate information technology security policies:

Englefeld Protestant Separate School Division No. 132
Light of Christ Roman Catholic Separate School Division No. 16
North East School Division No. 200
Saskatoon School Division No. 13
South East Cornerstone School Division No. 209
St. Paul's Roman Catholic Separate School Division No. 20
Sun West School Division No. 207

(2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Implemented

During our 2013 audits, we found that each of the listed school divisions had established adequate IT security policies.

4.3 IT Disaster Recovery Plans Needed

Five of the seven school divisions with problems last year approved and tested an information technology (IT) disaster recovery plan this past year. Three school divisions each need a written, approved, and tested IT disaster recovery plan.

Agencies base their IT disaster recovery plans on risk assessments focusing on key programs, systems, and data. An IT disaster recovery plan:

- Sets out the responsibilities of those who are to implement the plan
- Includes emergency procedures to be used while the system is unavailable
- Includes steps for the recovery and restoration of the system
- Requires regular testing and updating

Good IT disaster recovery plans enable school divisions to continue to deliver their programs and services if damage occurs to their IT systems. For example, IT systems need to be available for instructors and students who utilize computers, financial systems need to be available to pay contractors and staff the correct amounts of money on time, and student records need to remain accessible.

4.3.1 Prince Albert, Chinook, and Northern Lights Need Approved and Tested IT Disaster Recovery Plans

3. We recommend that Prince Albert Roman Catholic Separate School Division No. 6 approve and test its information technology disaster recovery plan.

We recommended that Chinook School Division No. 211 approve and test its information technology disaster recovery plan. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

We recommended that Northern Lights School Division No. 113 approve and test its information technology disaster recovery plan. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

During our 2013 audits, we found that Prince Albert, Chinook, and Northern Lights had not yet approved and tested an IT disaster recovery plan. Without an approved and tested IT disaster recovery plan, each school division would not know if it could continue to deliver its programs and services if damage occurred to its IT systems.

4.3.2 Five School Divisions Approved and Tested Their IT Disaster Recovery Plans

We recommended that each of the following school divisions approve and test its information technology disaster recovery plan:

Englefeld Protestant Separate School Division No. 132
Living Sky School Division No. 202
North East School Division No. 200
St. Paul's Roman Catholic Separate School Division No. 20
Sun West School Division No. 207

(2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Implemented

During 2012-13, each of the listed school divisions implemented our recommendation on IT disaster recovery plans.

4.4 Saskatchewan Rivers Implemented Controls to Better Monitor Capital Assets

We recommended that Saskatchewan Rivers School Division No. 119 periodically verify the existence of its physical assets. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Implemented

During 2012-13, Saskatchewan Rivers School Division No. 119 implemented controls over the recording and monitoring of physical assets. The school division has processes in place to review and approve the purchase and disposal of assets. Also, during the year, Saskatchewan Rivers monitored physical asset balances regularly.

4.5 Preparation of Performance Evaluations for Management at Horizon Needed

We recommended that Horizon School Division No. 205 prepare regular performance evaluations for management. (2013 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

Horizon School Division No. 205 made changes to key management positions during the year. However, it has not yet updated its documentation of the job descriptions and accountabilities for these positions. It also did not complete performance evaluations for staff in these positions during the year.

5.0 EXHIBIT

5.1 School Divisions, Appointed Auditors, and Our Participation

This Exhibit lists the school divisions, their appointed auditors, and our participation for the year ended August 31, 2013. While our Office works with all of the appointed auditors in the audits of school divisions' financial statements, processes to safeguard public resources, and compliance with authorities, as shown in the Exhibit below, we vary the extent of our involvement.

School Division	Appointed Auditor (at August 31, 2013)	Participated in Audit
Chinook School Division No. 211	Stark & Marsh LLP	Note 1
Christ the Teacher Roman Catholic Separate School Division No. 212	Skilnick Miller Moar Grodecki & Kreklewich	Note 1
Conseil des écoles fransaskoises No. 310	Deloitte LLP	Note 1
Creighton School Division No. 111	Kendall & Pandya	Note 1
Englefeld Protestant Separate School Division No. 132	MNP LLP	Note 1
Good Spirit School Division No. 204	Skilnick Miller Moar Grodecki & Kreklewich	Note 1
Holy Family Roman Catholic Separate School Division No. 140	Cogent Business Consulting	Note 1
Holy Trinity Roman Catholic Separate School Division No. 22	Robert A. Tiede	Note 1
Horizon School Division No. 205	MNP LLP	Yes
Ile-a-la Crosse School Division No. 112	Baert Cameron Odishaw La Cock	Note 1
Light of Christ Roman Catholic Separate School Division No. 16	Baert Cameron Odishaw La Cock	Note 1
Living Sky School Division No. 202	Holm Clements Kwong Raiche Oberg	Note 1
Lloydminster Roman Catholic Separate School Division No. 89	Wilkinson Livingston Stevens LLP	Note 1
Lloydminster Public School Division No. 99	Wilkinson Livingston Stevens LLP	Note 1
North East School Division No. 200	MNP LLP	Yes
Northern Lights School Division No. 113	MNP LLP	Note 1
Northwest School Division No. 203	Cogent Business Consulting	Yes
Prairie South School Division No. 210	Stark & Marsh LLP	Note 1

School Division	Appointed Auditor (at August 31, 2013)	Participated in Audit
Prairie Spirit School Division No. 206	C.S. Skrupski Certified General Accountant Professional Corporation	Yes
Prairie Valley School Division No. 208	MNP LLP	Yes
Prince Albert Roman Catholic Separate School Division No. 6	MNP LLP	Note 1
Regina Roman Catholic Separate School Division No. 81	Dudley & Company LLP	Yes
Regina School Division No. 4	MNP LLP	Yes
Saskatchewan Rivers School Division No. 119	Deloitte LLP	Note 1
Saskatoon School Division No. 13	KPMG LLP	Yes
South East Cornerstone School Division No. 209	Virtus Group LLP	Note 1
St. Paul's Roman Catholic Separate School Division No. 20	Deloitte LLP	Yes
Sun West School Division No. 207	Close Perkins & Hauta	Note 1

Source: Provincial Auditor Saskatchewan 2014

Note 1: We reviewed the opinions of the appointed auditor on the reliability of financial statements, effectiveness of processes to safeguard public resources, and compliance with authorities. We also reviewed the summary of errors and management letters to school boards. Where necessary, we followed up with the appointed auditor to clarify issues reported.

Chapter 6
Summary of Implemented Recommendations

1.0 Main Points

This chapter provides an update on a recommendation that was implemented but is not discussed elsewhere in this Report.

2.0 Summary Of Implemented Recommendation

Figure 1 sets out the recommendation and highlights key actions taken to implement it.

Figure 1—Implemented Recommendation

Past Recommendation (Initial PAS Report, Date of Agreement of PAC*)	Key Actions Taken to Implement Recommendation
Ministry of Finance – MIDAS Financials Including Central Account Payable Processing	
We recommended that the Ministry of Finance establish service level agreements with user agencies to clearly assign responsibilities for key payment processing activities. (2013 Report – Volume 1; Public Accounts Committee agreement January 13, 2014)	During 2013, Finance established service level agreements (SLAs) with each of its user agencies. These SLAs clearly assign responsibilities for key payment processing activities for Central Accounts Payable processing.

* PAS – Provincial Auditor Saskatchewan
PAC – Standing Committee on Public Accounts

Annual Information Technology Audits

Chapter		Page
7	Central Services—Information Technology Division—Data Centre	37
8	Public Service Commission—MIDAS HR/Payroll	49

Chapter 7
Central Services—Information Technology Division—Data Centre

1.0 Main Points

The Information Technology Division of Central Services (formerly called and described in this chapter as the Information Technology Office or ITO) delivers information technology (IT) services to 26 ministries and agencies (clients). Even though ITO uses a third-party service provider to provide data centre services, it remains responsible for security of the data centre.

While ITO made some improvements to its security processes during April to December 2013, ITO has not fully addressed the recommendations we made in prior years. ITO needs to:

- Follow its risk management processes to help ensure risks to the data centre are appropriately managed
- Obtain complete and timely information to determine whether the service provider is meeting ITO's security requirements
- Adequately restrict user access to all IT equipment and systems
- Fully secure all key servers and network equipment
- Have an approved and tested plan to recover systems and data in the event of a disaster
- Adequately inform its clients whether ITO is effectively securing their systems and data, including consequences of any issues
- Complete security policies that set a minimum IT security standard for clients to follow

As a result, there is continued risk that systems and data will not be available when required, of inappropriate modification of systems or data, and of unauthorized access. For example, in 2013, ITO provided an individual employed by another government agency with inappropriate access to the data centre. This individual gained unauthorized access to servers that housed client data. While ITO removed this access after its third-party service provider's security processes detected the unauthorized access, the intrusion highlights the need for ITO to take prompt action to resolve the above-noted security weaknesses.

2.0 Introduction

Since May 2012, ITO has delivered IT services to its clients (see **Section 7.0** for ITO's client list at December 2013). ITO indicates that it delivers IT services covering 45,000

electronic assets (e.g., computers, printers) and 1,500 applications. Over 12,000 staff of its clients located throughout the province use these electronic assets and applications.

Under agreements with each of its clients, ITO is responsible for providing secure IT services. As explained in **Section 3.0**, ITO provides some IT services directly and since December 2010, it has outsourced the data centre to a third-party service provider.[1] ITO remains responsible for meeting the requirements it has agreed upon with clients.

This chapter reports the results of our 2013 audit of whether ITO had effective processes to secure the data centre. We perform this audit annually to support our audits of ITO's clients.

3.0 ITO Services

3.1 ITO Services Provided Directly by ITO

ITO is responsible for providing IT services directly to clients, including:

- Managing the relationship between ITO and its clients
- Maintaining a help desk to respond to client requests (e.g., granting/removing access to systems/data, password resets) and to help resolve problems encountered by client staff
- Monitoring and following up on security threats identified by security tools (e.g., firewalls)
- Reviewing and following up on security information provided by ITO's service provider
- Providing computers to client staff
- Providing application development and change management

3.2 ITO Services Provided through its Service Provider

Since December 2010, ITO has engaged a third-party service provider to deliver data centre services to ITO clients on ITO's behalf. ITO's agreement with the service provider sets out the roles and responsibilities of both ITO and the service provider.

The service provider is responsible for operating the data centre. The data centre includes all servers that operate the network and host applications. The data centre also includes network and telecommunications equipment that allow computers to send/receive data, systems used to backup data, and mass storage devices used to store client systems and data. The service provider is also responsible for implementing strong physical security controls to prevent unauthorized access.

[1] ITO directly operated a data centre from 2005 until December 2010.

ITO and its service provider have agreed on how the data centre and all related equipment are to be configured, managed, and maintained. ITO and its service provider revisit these requirements on a periodic basis.

ITO requires the service provider to annually report on its compliance with agreed-upon requirements. Any equipment not in compliance with the agreed-upon requirements must either be remedied by the service provider or exempted by ITO/clients. For example, ITO/clients may exempt a server from receiving security updates if there is a risk that applications on that server may not run properly with the latest server updates.

4.0 Importance of Effective Security Processes

Information technology allows people to access systems and data from anywhere in the world at any time. This opportunity creates a corresponding challenge—how to effectively secure systems and data against cyberattacks.[2] Organizations need effective security processes to protect the confidentiality, integrity, and availability of systems and data against cyber threats.

Public Safety Canada has reported that the frequency and severity of cyberattacks is accelerating.[3] Saskatchewan is not immune to this threat; nor can governments ever fully protect themselves against all cyberattacks. Human error or intentional malicious acts will always make systems and data susceptible to attacks. However, well-secured systems are better able to defend against attacks, detect potential failures, and limit loss if systems and data are breached. For those reasons, effective security processes are of vital importance.

To protect the security of systems and data against cyberattacks, ITO needs to ensure that its service provider implements effective security processes and that ITO's clients adhere to effective security requirements. This is because a weakness involving the service provider or at a client location could pose risks to ITO and all its clients. Without security controls, someone could gain unauthorized access, obtain confidential information, inappropriately modify systems or data, or perform acts that could affect availability.

5.0 Audit Objective, Scope, Criteria, and Conclusion

The objective of our audit was to assess whether the Information Technology Division of the Ministry of Central Services had effective processes to secure the data centre for the nine-month period of April 1, 2013 to December 31, 2013.

The audit did not assess the effectiveness of security controls (e.g., user access controls) for specific client systems (e.g., financial accounting or payroll systems). We assess security controls in our audits of ITO's clients.

---

[2] Cyberattacks include the unintentional or unauthorized access, use, manipulation or destruction (via electronic means) of electronic information and/or the electronic and physical infrastructure used to process, communicate and/or store that information. www.publicsafety.gc.ca/cnt/rsrcs/pblctns/cbr-scrt-strtgy/cbr-scrt-strtgy-eng.pdf, p. 3 (31 March 2013).

[3] Ibid.

We examined both ITO's and its service provider's controls and processes used to secure the data centre, including network device configuration, server patch levels, and physical security at the data centre. We also examined ITO's agreements, minutes, reports, and policies.

To conduct our audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate ITO's processes, we used criteria (see **Figure 1**) based on the work of other auditors and literature listed in the selected references. The criteria are primarily based on the *Trust Services Principles, Criteria, and Illustrations* authored by the Canadian Institute of Chartered Accountants (CICA) and the American Institute of Certified Public Accountants. ITO management agreed with the criteria.

Figure 1—Audit Criteria

To have effective processes to secure the data centre, the Information Technology Office of the Ministry of Central Services should:

1. **Demonstrate management commitment to security**
   - 1.1 Have an adequate agreement with its service provider
   - 1.2 Effective threat and risk assessments are performed
   - 1.3 Management approves effective security policies and procedures
   - 1.4 Management effectively monitors security including its service provider
2. **Protect systems and data from unauthorized access**
   - 2.1 Effective user access controls protect systems from unauthorized access
   - 2.2 Effective physical security controls protect the data centre from unauthorized access
3. **Ensure systems and data centre remain available for operation**
   - 3.1 Effective backup processes exist and are followed
   - 3.2 Effective disaster recovery plans exist and are tested
4. **Ensure the integrity of systems and data**
   - 4.1 Effective change management processes exist and are followed
   - 4.2 Effective operational processes exist and are followed

We concluded that for the period of April 1, 2013 to December 31, 2013, the Information Technology Division of the Ministry of Central Services had effective controls to secure the data centre except that it needs to:

- **Follow its risk management processes to help ensure risks are appropriately managed**
- **Obtain complete and timely information to determine whether the service provider is meeting the Information Technology Division's security requirements**
- **Adequately restrict user access to all IT equipment and systems**
- **Fully secure all key servers and network equipment**
- **Have an approved and tested plan to recover systems and data in the event of a disaster**
- **Adequately inform clients whether the Information Technology Division is effectively securing their systems and data, including consequences of any issues**
- **Complete security policies that set a minimum IT security standard for clients to follow**

6.0 Key Findings And Recommendations

In this section, we set out our key findings and recommendations.

6.1 Need to Effectively Follow Threat and Risk Assessment Processes

Although ITO has designed processes to document, assess, and respond to key risks, it did not consistently follow them during the audit period.

ITO has documented policies and procedures for risk management that specify who needs to do what, when, and how often. For example, the policies and procedures specify that a risk register that identifies, describes, categorizes, and assesses key risks is to be maintained. The policies and procedures require that a risk officer meet with the executive committee on a quarterly basis to provide an update on progress made to address key risks.

However, ITO has not complied with the requirements of its risk management processes. For example, it has not updated the risk register to reflect significant changes to its senior management team during the audit period. As a result, we found that the majority of risk owners identified in the register were either no longer in those roles or no longer employed by ITO. Also, the risk register did not clearly define who was the risk officer. While management advised us that the ITO executive committee reviewed key risks in April 2013, quarterly reviews, as required by ITO policy, did not occur during the audit period.

Non-compliance with established risk management policies and procedures increases the likelihood of unauthorized access and loss.

1. **We recommend that the Information Technology Division of the Ministry of Central Services follow its established processes to identify and manage risks related to the data centre.**

6.2 Need to Effectively Monitor Whether the Service Provider Meets ITO Security Requirements

We recommended that the Information Technology Division of the Ministry of Central Services monitor whether its service provider meets its security requirements. (2011 Report – Volume 2; Public Accounts Committee agreement June 25, 2012)

Status – Partially Implemented

ITO's processes for monitoring its service provider did not significantly change from our previous audit.

ITO continued to have agreements with the service provider that outline security requirements for configuring and maintaining server and network equipment. ITO management also met regularly with its service provider and received periodic reports from the service provider on servers that use unsupported software.

Under its agreements with the service provider, ITO is to receive annual security reports called compliance scan reports. These reports are to document the service provider's compliance with defined security requirements for the data centre network and for servers.

In our previous audit, we reported that ITO received compliance scan reports for network equipment but not servers. In December 2013, ITO received compliance scan reports for servers and network equipment from the service provider. However, the scope and frequency of compliance scan reports received provide limited assurance on the adequacy of security controls implemented by the service provider at the data centre. For example, the network compliance scan reports did not show whether administration access granted to some network equipment was appropriate, the status of updates to network equipment or whether there were vulnerabilities that could expose network equipment.

ITO needs timely and complete information to monitor its service provider. ITO could require further reporting from its service provider, perform direct verification work itself, or have vulnerability assessments performed by third parties to assess security. Without timely and complete information on data centre vulnerabilities, there is increased risk that ITO will not be able to take timely corrective action to resolve weaknesses. As described in **Section 6.4**, we found weaknesses with configuration and patch management which means that server and network equipment were not properly secured.

6.3 Need to Adequately Restrict Access

We recommended that the Information Technology Division of the Ministry of Central Services adequately restrict access to systems and data. (2012 Report – Volume 2; Public Accounts Committee has not yet considered this recommendation)

Status – Partially Implemented

While ITO requires user identification accounts and passwords to access all systems and data, and most systems follow ITO policy requirements for user identification and passwords, some do not.

At December 2013, ITO had exempted some user accounts from following its established standards. For example, it allowed some passwords for accounts to not expire. Weak password controls increase the possibility that a password may be compromised and used to gain unauthorized system access.

Also, ITO processes for remotely accessing some network equipment and systems and data need strengthening. For example, ITO has older remote access methods that are still accessible and need better security. Not having appropriate security for remote access increases the risk that individuals may obtain unauthorized access to systems and data without being physically present.

6.4 Need to Adequately Configure and Update Servers and Network Equipment

We recommended that the Information Technology Division of the Ministry of Central Services adequately configure and update its server and network equipment to protect them from security threats. (2012 Report – Volume 2; Public Accounts Committee has not yet considered this recommendation)

Status – Partially Implemented

ITO's processes for configuring and updating server and network equipment did not significantly change from our previous audit.

Although ITO's service provider patched most servers on at least a quarterly basis, patching on all servers was not complete for all known vulnerabilities. Also, some servers were using unsupported software. Use of unsupported software means no security updates were available for these servers. This increases the risk of unauthorized access to systems and data.

ITO did not improve its firewall configurations during the audit period. As noted in our past reports, ITO uses firewalls to protect its data centre. While data centre firewalls were at appropriate locations and were monitored, they were not properly configured. ITO's firewall rules did not effectively restrict access to the data centre because ITO did not effectively define the firewall rules that its service provider must follow. Inadequate firewall rules increase the risk of a security breach.

In prior years, we reported that without adequate configuration, someone could gain unauthorized access, obtain confidential information, inappropriately modify systems or data, or perform malicious acts that could affect availability. During the audit period, an individual employed by a government agency gained inappropriate and unauthorized access to the data centre network and some client servers. The service provider's security processes detected the intrusion. However, this intrusion highlights the need for ITO to take prompt action to resolve its security configuration weaknesses.

Management noted that it addressed the specific issues that allowed the individual to obtain unauthorized access and reassessed its controls to protect the data centre from future unauthorized access. Senior management subsequently received and approved a multi-year plan to resolve identified configuration weaknesses, starting with a current gap analysis and an assessment of the firewall rules.

6.5 Complete and Tested Disaster Recovery Plan Required

We recommended that the Information Technology Division of the Ministry of Central Services have a disaster recovery plan for the data centre and client systems. (2006 Report – Volume 3; Public Accounts Committee agreement April 3, 2007)

Status – Not Implemented

ITO continued to not have a complete and tested disaster recovery plan for the data centre and for some mission-critical client systems and data.

ITO experienced significant change to its senior management team during the audit period. No staff members took ownership for updating key documentation prepared in prior years. As a result, documentation was not complete as staff responsibilities for disaster recovery and ongoing business continuity processes were not clearly documented or defined. Unless staff know who is to do what in the event of a disaster, there will not be an effective response.

ITO has identified the need to improve its disaster recovery planning and testing processes. According to the ITO, depending on availability of funding, it would like to set up a data centre contingency site to provide critical IT services to ITO and its clients in the event the primary data centre is unavailable for use.

At December 31, 2013, ITO's agreement with its service provider only requires the service provider to make "best efforts" in the event of a disaster. If a disaster occurred, it is not clear if the best efforts recovery would meet client needs, how long it would take for systems and data to be fully operational, or at what cost. As a result, neither ITO nor its clients know whether critical IT systems and data could be restored when needed in the event of a disaster and will not know until testing is performed, or an actual disaster occurs. These conditions could result in critical IT systems, data, and services not being available to the Government and the people of Saskatchewan when needed (e.g., correctional information system, student loan system, etc.).

6.6 Need to Provide Relevant and Timely Security Reports to Clients

We recommended that the Information Technology Division of the Ministry of Central Services provide relevant and timely security reports to its clients. (2009 Report – Volume 3; Public Accounts Committee agreement June 18, 2010)

Status – Partially Implemented

Like ITO itself, its clients need information from ITO to enable them to monitor the effectiveness of ITO's security services. ITO's clients need to know that ITO—their service provider—is doing its job. They need timely and relevant security reports to allow effective monitoring. They need to know about any security issues that exist and how these issues impact their systems and data.

ITO did not significantly improve its reporting processes to clients to enable clients to monitor whether their systems and data were secure. Also, we did not find evidence that ITO reported effectively to clients regarding the intrusion we described earlier in this chapter. Management advised that it informed senior management at affected agencies about the security intrusion.

6.7 Complete Client Security Policies Required

We recommended that the Information Technology Division of the Ministry of Central Services establish information technology security policies for its clients. (2008 Report – Volume 3; Public Accounts Committee agreement December 10, 2008)

Status – Partially Implemented

ITO developed additional security policies and procedures for clients during the audit period. For example, ITO drafted a new acceptable use policy that would apply to all client staff. However, this work is not complete. ITO has draft policies in a number of areas (e.g., physical security, access control, incident management). ITO is working with clients to review, approve, and implement new policies and procedures.

7.0 ITO Client List at December 2013

Ministries:

Ministry of Advanced Education
Ministry of Agriculture
Ministry of Central Services
Ministry of Education
Ministry of the Economy
Ministry of Environment
Executive Council
Ministry of Finance
Ministry of Government Relations
Ministry of Health
Ministry of Highways and Infrastructure
Ministry of Justice
Ministry of Labour Relations and Workplace Safety
Ministry of Parks, Culture and Sport
Public Service Commission
Ministry of Social Services

Treasury Board Agencies:

Apprenticeship and Trade Certification Commission
Financial and Consumer Affairs Authority
Global Transportation Hub Authority
Physician Recruitment Agency of Saskatchewan
Public Guardian and Trustee
Saskatchewan Legal Aid Commission
Saskatchewan Grain Car Corporation
Saskatchewan Housing Corporation
Water Security Agency

Other Agencies:

Technical Safety Authority of Saskatchewan

8.0 GLOSSARY

Application—A software program. This includes programs such as word processors, spreadsheets, database programs, accounting programs, etc.

Backup (noun)—A copy of systems or data to be used when the originals are not available (e.g., because of loss or damage).

Change Management—An organized approach for introducing changes into a program or process, used to minimize unintended consequences.

Configure—To set up or arrange in order to achieve a specific purpose (e.g., maximize security).

Data Centre—A central location for computer network hardware and software, especially storage devices for data.

Disaster Recovery Plan—A plan for an organization to restore necessary IT services in the event of an emergency or disaster. A disaster recovery plan is one part of a larger, organization-wide business continuity plan.

Firewall—Software and/or hardware intended to restrict or block access to a network or computer. Firewalls can be set up using **firewall rules** to only allow certain types of data through.

Network—A group of computers that communicate with each other.

Patch—An update to a computer program or system designed to fix a known problem or vulnerability.

Physical Access Controls—The controls in place at an organization that restrict unauthorized people from gaining physical access to computers or network equipment. Examples include locked doors and cabinets, and video surveillance systems.

Server—A computer that hosts systems or data for use by other computers on a network.

User Access Controls—The controls in place at an organization to restrict use of systems or data to those who have been authorized. These include physical controls such as locked doors or cabinets, as well as computer and network controls such as establishing accounts with specific access rights, requiring passwords, etc.

9.0 Selected References

Canadian Institute of Chartered Accountants (CICA). (2009). *Trust Services Principles, Criteria, and Illustrations.* Toronto: Author.

International Organization for Standardization. (2005). ISO/IEC 270002:2005(E). *Information Technology – Code of Practice for Information Security Management; 2nd Edition.* Geneva: Author.

The Information Systems Audit and Control Association. (2012). *COBIT 5.* Rolling Meadows, IL: Author.

Chapter 8
Public Service Commission—MIDAS HR/Payroll

1.0 Main Points

The Public Service Commission (PSC) is the central human resource agency for staff employed primarily by government ministries. PSC is responsible for administering the human resources and payroll information system – MIDAS HR/Payroll. This system contains confidential personnel and payroll information of staff employed primarily in Government ministries.

In 2013, PSC had effective central controls to manage and secure MIDAS HR/Payroll and its data with two exceptions. First, PSC staff did not always perform the review of key payroll reports in a timely manner. This increases the risk of incorrect payroll amounts. Second, PSC did not remove unnecessary privileged user access on a timely basis. This increases the risk of inappropriate access and unauthorized changes to MIDAS HR/Payroll and its data.

2.0 Introduction

Under *The Public Service Act, 1998*, the Public Service Commission (PSC) is the central human resources agency for about 12,000 staff employed primarily by government ministries.[1] PSC provides leadership and policy direction for the development of a professional public service. It delivers human resource services including staffing, classification of positions, compensation and labour relations.

Since March 2006, PSC has been responsible for the Multi-Informational Database Application System – human resources and payroll (i.e., MIDAS HR/Payroll). Since February 9, 2010, a centralized unit of PSC called the Employee Service Centre (ESC) has been responsible for providing employee, payroll, and benefit administration for all ministry employees.

MIDAS HR/Payroll helps PSC, ministries, and other government agencies manage employee information (i.e., benefits, salary, job assignment, and training) and processes payroll transactions. In the past year, MIDAS HR/Payroll recorded over $1.08 billion in payroll expenses for about 12,000 employees.[2]

Given PSC's overall responsibility for MIDAS HR/Payroll, it must have effective central controls to manage and secure MIDAS HR/Payroll and its information.

3.0 Audit Objective, Scope, Criteria, and Conclusion

The objective of this audit was to assess whether PSC had effective central controls to manage and secure MIDAS HR/Payroll and its data for the twelve-month period ended December 31, 2013. This audit did not assess the adequacy of controls at user agencies

[1] Public Service Commission, *2012-13 Annual Report*.
[2] Ministry of Finance, *Public Accounts 2012-13 Volume 2*.

(e.g., ministries). Rather, it focused on the central controls to manage and secure MIDAS HR/Payroll and its data at PSC.

User agencies rely on PSC, as a service provider, to have effective central controls and carry them out properly.

We conduct this audit annually to support our audits of ministries and other government agencies that are PSC's clients. We used audit criteria based upon the *Trust Services Principles, Criteria, and Illustrations* authored by the Canadian Institute of Chartered Accountants and the American Institute of Certified Public Accountants, as well as international standards, literature, and reports of other legislative auditors. Our criteria, set out in **Figure 1**, describe the key processes that we expect PSC to have. PSC agreed with the criteria.

Throughout our audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. We based our findings on our examination of PSC's agreements, plans, reports, policies, and processes. We also interviewed PSC staff and examined PSC's controls to secure MIDAS HR/Payroll.

Figure 1—Audit Criteria

Effective central controls to manage and secure MIDAS HR/Payroll and its data should include control processes that:

1. **Monitor the system and data centrally**
   - 1.1 Responsibilities to manage and secure the system and data are clearly defined
   - 1.2 Management has approved policies and procedures
   - 1.3 Management monitors security and system operating as planned
2. **Protect the system and data from unauthorized access**
   - 2.1 User access controls protect the system and data from unauthorized access
   - 2.2 Physical security controls protect the system and data from unauthorized access
3. **Make the system and data available for operation**
   - 3.1 System and data backups occur and are tested
   - 3.2 Disaster recovery plans are in place and tested
4. **Maintain the integrity of the system and data**
   - 4.1 Processes to manage the system and data exist and are followed
   - 4.2 Change management processes exist and are followed

We concluded that, for the twelve-month period ended December 31, 2013, the Public Service Commission had effective central controls to manage and secure MIDAS HR/Payroll and its data except for the following two areas. PSC needs to:

- **Promptly remove privileged user access when individuals leave the employ of PSC**
- **Follow its processes for documenting the timely review of key payroll reports**

4.0 Key Findings and Recommendations

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 1.**

4.1 Prompt Removal of Unnecessary Privileged User Access Needed

PSC is responsible for ensuring that only authorized people have privileged access to MIDAS HR/Payroll data, specifically Human Resource Payroll Administrator (HRPA) access. HRPA access provides users with access to sensitive and confidential information required to complete payroll processing at PSC.

During the twelve-month period ended December 31, 2013, we noted two instances where PSC did not request removal of unneeded HRPA access on a timely basis. For one individual, PSC did not remove the individual's HRPA access until 30 days after the last day of employment with PSC.

Not removing access of individuals who no longer work for PSC increases the risk of inappropriate access and unauthorized changes to the system and data.

1. **We recommend that the Public Service Commission follow its established procedures requiring prompt removal of unnecessary privileged user access to MIDAS HR/Payroll data.**

4.2 Need Timely Review of Payroll Reports

We recommended that the Public Service Commission consistently document its review of payroll reports and resolution of matters resulting from its review. (2010 Report – Volume 1; Public Accounts Committee agreement – June 7, 2011)

Status – Partially Implemented

Payroll procedures implemented at PSC require staff to regularly generate and review payroll reports prior to payroll being paid.

Although PSC has significantly improved its review of payroll reports from prior years, we identified one instance in our testing where a report used to formally review and approve[3] payroll prior to payment was not reviewed until after the pay date.

Review of payroll reports helps identify specific risks associated with the payroll process. These risks include incorrect input of payroll information (e.g., number of hours from timesheets, salary changes, coding of hours worked), and thus incorrect pay being made to an employee. Timely review of the payroll reports is required to take corrective action prior to payroll being paid.

[3] In accordance with *The Financial Administration Act, 1993*.

In 2014, PSC plans to implement an automated quality control process to coordinate and distribute reports, which will also identify payroll reports that have not been reviewed prior to payroll being paid.

4.3 Key Payroll Activities Formalized

We recommended that the Public Service Commission amend its service level agreement (SLAs) with ministries to clearly assign responsibilities for key payroll activities (i.e., managing payroll, approving payroll payments, and investigating payroll differences). (2010 Report - Volume 1; Public Accounts Committee agreement June 7, 2011)

Status – implemented

During 2013, PSC satisfactorily implemented client service agreements (CSAs) with its user agencies (e.g., ministries). Provisions of each CSA clarified key payroll responsibilities for key payroll activities between PSC and its user agencies.

5.0 Selected References

Canadian Institute of Chartered Accountants (CICA) and the American Institute of Certified Public Accountants (AICPA). (2009). *Trust Services Principles, Criteria, and Illustrations*. Toronto: Author.

International Organization for Standardization. (2005). ISO/IEC 27002:2005(E). *Information Technology – Code of Practice for Information Security Management; 2nd Edition*. Geneva: Author.

The Information Systems Audit and Control Association. (2012). *COBIT 5*. Rolling Meadows, IL: Author.

Performance Audits

Chapter		Page
9	eHealth Saskatchewan—Provincial Electronic Health Records	55
10	Justice—Management of Provincial Court Workloads	67
11	Saskatchewan Apprenticeship and Trade Certification Commission—Enabling Apprentices to Achieve Certification	79
12	Saskatchewan Immigrant Investor Fund Inc.—Meeting "HeadStart on a Home" Program Objectives	95
13	Sunrise Regional Health Authority—Infection Prevention and Control in Long-Term Care Facilities	107
14	Technical Safety Authority of Saskatchewan—Boiler and Pressure Vessel Inspection Processes	123
15	Water Security Agency—Regulating Wastewater Systems	135

Chapter 9
eHealth Saskatchewan—Provincial Electronic Health Records

1.0 Main Points

Patients use health services at many different venues: doctors' offices, pharmacies, labs, hospitals, etc. In some cases, patients use these health services at different places and at different health regions in the province. Because of this, patient data is fragmented across venues and regions, and it is also often not standardized. Some patients take it upon themselves to collect all of their health information from their healthcare professionals because a comprehensive, standardized, readily-accessible record of their health information does not exist.

eHealth Saskatchewan (eHealth) is responsible for creating a system for comprehensive electronic health records for patients (called the provincial EHR) and providing healthcare professionals access to those records. eHealth is creating the provincial EHR by trying to compile and standardize patient data from different regions and healthcare providers into provincial data repositories. It is providing healthcare professionals access to the data in these repositories.

For the 11-month period ending February 28, 2014, eHealth had effective processes to share patient data among healthcare professionals except for the following. eHealth Saskatchewan needs to:

- Obtain responsibility for managing and maintaining all provincial data repositories
- Establish standard data requirements for all provincial data repositories
- Define strategies to identify and collect data needed for the provincial EHR

Also, the Ministry of Health needs to allocate its capital funding for information technology based on a provincial strategy for electronic health records.

2.0 Introduction

2.1 eHealth's Responsibility for Provincial Electronic Health Records

Since 1997, Saskatchewan has been developing a provincial EHR to allow for the sharing of patient data among healthcare professionals.[1] Since 2010, eHealth has had the mandate to develop and implement the provincial EHR for Saskatchewan.

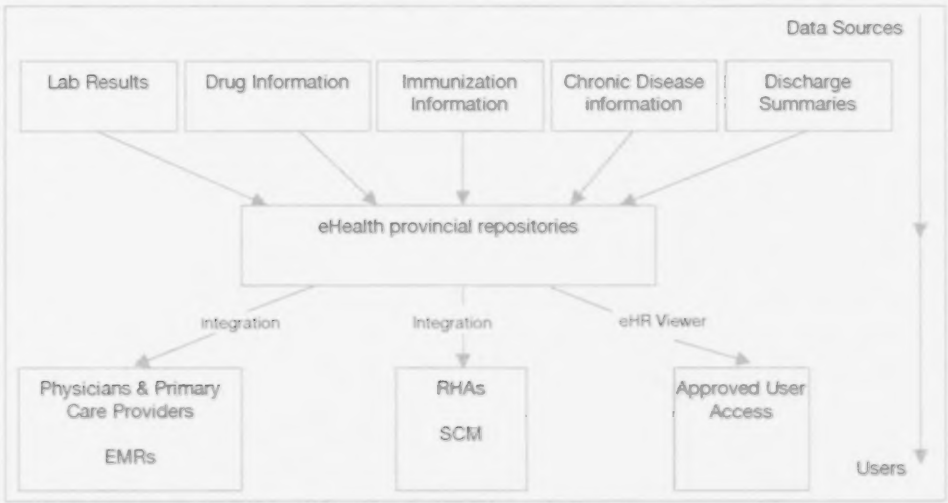
By March 31, 2013, eHealth management stated that $502 million had been spent on a provincial EHR. Of this total, $184 million was spent on development costs for

[1] Patient data is patient health information in electronic format. Healthcare professionals include physicians, pharmacists, nurses, and radiologists.

implementing new systems and $318 million was spent on operating costs for ensuring the systems implemented are maintained and available. At March 2014, a provincial EHR was not yet complete.

The focus of eHealth's EHR initiative is to compile patient data from various sources (e.g., pharmacies) into standardized and organized data collection systems. eHealth refers to the data collection systems as "provincial repositories."

Figure 1—Simplified EHR Data Sources and Users (Data Paths[2]) at February 28, 2014



Source: Adapted from eHealth Information Advisory Committee Terms of Reference
Note: Data sources can include data from repositories at regional health authorities, pharmacies or data entered directly into provincial repositories.

eHealth stores patient data such as lab results and drug information in provincial repositories. **Figure 1** provides an overview of EHR data paths.

eHealth provides approved users (healthcare agencies and professionals) with access to data collected in provincial repositories. Healthcare agencies and professionals use the data to provide patient care. eHealth provides them with access to data in two main ways:

- **Electronic Medical Records** (EMRs)[3] – EMRs enable physicians to record relevant patient information in a centralized system (e.g., add their own notes and observations to the repository information). These EMRs are located:
  - At physician and primary care clinics.
  - In some regional health authorities (RHAs), which refer to their EMR as the Sunrise Clinical Manager (SCM).

- **Web-Based Viewer** (eHR Viewer) – This website has operated since the end of 2011. eHR Viewer allows authorized users to view data over the Internet. As of March 2014, about 2,000 authorized users had access to the eHR Viewer.

[2] Data path is the flow of information electronically between various sources and users.
[3] EMRs are digital versions of paper charts that contain all of a patient's medical history from one practice, e.g., they contain patient data generated from visits to a physicians' office. eHealth supports provincial repository access only for two approved EMR systems. To encourage physicians to use EMRs that are compatible with the provincial repositories, eHealth provides the Saskatchewan Medical Association (SMA) with a list of approved EMRs. Despite this, about 40% of physicians in Saskatchewan either do not use an EMR, or use a different, unapproved EMR.

By compiling complete patient data electronically and sharing it with healthcare professionals through a provincial EHR, eHealth is striving for the following benefits:

- For patients – Improved and timely health care and decreased risks (such as fewer adverse drug reactions), and lower chance of having duplicate or unnecessary tests.
- For healthcare professionals – An integrated view of patient data and information for making more timely and informed decisions using accessible, up-to-date patient data.
- For taxpayers – A more efficient and effective system (e.g., fewer duplicate tests[4] needed to provide patient care).

2.2 Healthcare Agencies with Patient Data

Numerous agencies play a role in identifying, collecting, and providing patient data. The key agencies include:

- eHealth – The development of Saskatchewan's EHR began with the Saskatchewan Health Information Network (SHIN), which was a part of the Ministry of Health. In 2010, SHIN evolved into eHealth, a Treasury Board Crown corporation with the responsibility for developing and implementing the provincial EHR.
- Twelve Saskatchewan regional health authorities – RHAs[5] provide the majority of health services in Saskatchewan, either directly or indirectly through healthcare agencies.
- Saskatchewan Cancer Agency (SCA) – Created in 2007, the SCA provides cancer care for Saskatchewan patients.
- The Ministry of Health (Ministry) – The Ministry oversees and coordinates the network of healthcare authorities and agencies (i.e., RHAs, SCA, and other healthcare agencies).
- Professional Agencies – Various professional agencies play an important role in communicating patient and healthcare provider needs to the Ministry and eHealth. As well, they are important in the development and implementation of Saskatchewan's EHR. These agencies do not have access to electronic health records. The agencies include several self-regulating professional healthcare agencies (e.g., the College of Physicians and Surgeons of Saskatchewan, the Saskatchewan College of Pharmacists, and the Saskatchewan Registered Nurses Association), and the Saskatchewan Medical Association (SMA), a voluntary professional association for physicians, medical students, and medical residents.
- Canada Health Infoway (Infoway) – Infoway is a federal not-for-profit corporation that works with provinces and territories to accelerate the development and use of compatible EHRs across Canada. Infoway is a source of funding for the provincial EHR and does not have access to electronic health records. In general, through

[4] Auditor General of Canada. *Fall 2009 Report*.
[5] RHAs in Saskatchewan are: Cypress, Five Hills, Heartland, Keewatin Yatthé, Kelsey Trail, Marnawetan Churchill River, Prairie North, Prince Alberta Parkland, Regina Qu'Appelle, Saskatoon, Sun Country, and Sunrise.

funding provided by the federal government, Infoway pays 75% of eligible costs for specified EHR projects and the province or territory pays the remainder. As a condition of funding, Infoway requires provincial or territorial projects to comply with design standards for a compatible EHR.

2.3 Electronic Health Records—Potential Impact on Delivery of Health Care

In Saskatchewan, each day thousands of patients and healthcare professionals interact. Most of these interactions generate or require information (e.g., prescriptions, lab test results). Healthcare professionals collect and store this information in different locations (e.g., doctor offices, pharmacies, private labs) and in different ways (e.g., paper files, various computer systems). Today, some patients take it upon themselves to collect their health information from each of their healthcare professionals because a comprehensive, readily-accessible record of their health information does not exist.

Putting the onus on patients to collect their health information and storing patient data in various locations and formats does not allow for ready sharing of patient data, creates inefficiencies, and can limit the ability of a health professional to best treat a patient.

Patients need quality care. Patients expect healthcare professionals to have ready access to relevant data including data generated by other healthcare professionals, and use that data to provide them with quality care.

A complete provincial EHR in Saskatchewan would allow healthcare professionals to effectively share patients' data. Patient health information in electronic form is more likely to be legible, and more easily and quickly accessible no matter where an individual seeks medical attention. Ultimately, a provincial EHR that effectively shares key patient data would improve the delivery of health care by making the right data available at the right time to the right healthcare professionals.

3.0 Audit Objective, Scope, Criteria, and Conclusion

The objective of this audit was to assess whether eHealth had effective processes to share patient data among healthcare professionals. We assessed eHealth's processes for the eleven-month period of April 1, 2013 to February 28, 2014.

We did not assess EMRs in use at physician's offices or RHAs; we examined eHealth's policies, procedures, minutes, and agreements and interviewed eHealth staff. We also viewed a demonstration of the data presentation and tools within the eHR Viewer and observed training tools.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate eHealth's processes, we used criteria based on our related work, literature including reports of other auditors, and consultations with management. eHealth's management agreed with the criteria (see **Figure 2**).

Figure 2—Audit Criteria

To have effective processes to share patient data among healthcare professionals, eHealth should:

1. **Specify key patient data to share**
   - 1.1 Evaluate data needs
   - 1.2 Identify data paths (i.e., who generates and who requires key data)
   - 1.3 Identify gaps between needs and availability of data (data gaps)
   - 1.4 Monitor and address data gaps
2. **Build commitment for patient data sharing**
   - 2.1 Confirm data needs and sharing requirements with key stakeholders
   - 2.2 Establish agreements for collecting and sharing data with authorized users
   - 2.3 Coordinate with key stakeholders to collect needed data not readily available
3. **Determine viable patient data sharing methods**
   - 3.1 Implement systems that enable efficient data collection and sharing to authorized users
   - 3.2 Check validity and completeness of data collection

We concluded that, for the period of April 1, 2013 to February 28, 2014, eHealth had effective processes to share patient data among healthcare professionals except that eHealth needs to:

- **Establish standard data requirements for all provincial data repositories**
- **Define strategies to identify and collect data required for the provincial EHR**
- **Obtain responsibility for managing and maintaining all provincial data repositories**

As first identified in our *2009 Report – Volume 3*, Chapter 10C, eHealth needs an operational plan to guide the development and implementation of the provincial EHR.

Also, the Ministry of Health needs to allocate IT capital funding based on a provincial strategy for electronic health records.

4.0 Key Findings and Recommendations

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 2**.

4.1 Need Standard Data Requirements and to Monitor and Address Data Gaps

4.1.1 Standardized Data Requirements Needed

eHealth has determined its data repository needs for a provincial EHR through direction from Infoway Canada and the Ministry of Health (Ministry), along with the participation of healthcare professionals and their related agencies.

Overall, eHealth has decided the key data repositories needed and is building the corresponding provincial repositories as part of a provincial EHR to include patient data related to:

- Lab results
- Drug information
- Diagnostic imaging/reports
- Clinical records (discharge summaries)[6]
- Immunization information
- Chronic disease information
- Synoptic reporting[7]

As the Ministry of Health continues to develop strategic health objectives and eHealth further consults with patients and providers,[8] eHealth noted it must continue to evaluate data needs and expand the capabilities of Saskatchewan's provincial EHR.

We first reported in our *2009 Report – Volume 3*, Chapter 10C, the need for eHealth to develop an operational plan that would guide the development and implementation of electronic health records. By February 2014, eHealth had developed a strategic plan that includes provincial EHR initiatives to March 31, 2017. However, eHealth still did not have a multi-year operational plan. eHealth noted that it has not developed a complete operational plan for the provincial EHR because its funding is decided on an annual basis.

eHealth gathers data requirements for repositories through consultations with relevant stakeholders. For example, the chronic disease repository includes diabetes and coronary artery disease data. When deciding on data requirements for these diseases, eHealth consults with physicians to determine the relevant indicators to adequately treat patients with these diseases.

We found eHealth did not always establish standard data requirements (i.e., complete and consistent information required) before implementing provincial repositories. For example, eHealth's discharge summary repository, compiled from various RHA data repositories, does not have standard data requirements. Without standardized data compiled into the discharge summary repository, physicians may not have the necessary information to make the best decisions.

For example, if an RHA does not include hospital drug information in its discharge summary, a healthcare professional in another location later treating the same patient may prescribe a conflicting drug potentially with adverse health consequences.[9] In an

[6] eHealth is currently working on this repository to share discharge summaries from hospitals. eHealth plans for more information to be included in clinical records in the future.

[7] Synoptic reporting captures data items in a structured, standardized format, and contains information critical for understanding a disease, the technical details of a procedure, and the subsequent impacts on patient care. eHealth plans on including synoptic reporting for breast cancer surgery in the next eHR Viewer release.

[8] In 2013, eHealth formed an eHealth Information Advisory Committee (eHIAC). eHIAC is comprised of a wide variety of health professionals, including representatives from the Saskatchewan Medical Association, the Saskatchewan College of Pharmacists, the Saskatchewan Registered Nurses Association, RHAs, the Ministry of Health, and eHealth. eHIAC's responsibilities include reviewing new sources and consumers for the Saskatchewan EHR and providing input on eHealth services. eHealth has also formed a Citizen Advisory Panel to obtain feedback on the eHR Viewer from patients. This committee first met in March 2014.

[9] As discussed in **Section 4.1.3**, hospital drug information is not included in the drug information repository. Thus, if hospital drug information is not included in a discharge summary, it will not be available on the eHR Viewer.

emergency situation, the timeliness of the physician having access to this type of patient data is critical.

Establishing standardized data requirements in electronic format for all repositories would ensure relevant and timely information is readily available for patient care.

1. **We recommend that eHealth Saskatchewan establish standard data requirements for all provincial repositories.**

4.1.2 Identifying Data Paths

Provincial repositories allow key patient data to be readily transferred and received from anywhere a patient receives healthcare services. eHealth documents the data paths between the sources and users of patient data.

eHealth amalgamates patient data into provincial repositories from existing individual RHA repositories. RHAs continue to input and maintain the data in their individual repositories. We found eHealth uses this approach for lab results and discharge summaries. For provincial repositories under the control of the Ministry (i.e. drug information and immunization information), eHealth uses the eHR Viewer to access patient data. Also, eHealth has built repositories of key data where nothing previously existed (i.e., chronic disease repository).

The eHR Viewer enables access to patient data stored in provincial repositories. eHealth requires healthcare professional agencies (e.g., an RHA, a pharmacy, a physician office) to sign a user-access policy prior to granting access to the eHR Viewer. Once agencies have signed the user-access policy, healthcare professionals can apply through their agencies to eHealth for individual access to the eHR Viewer. We observed that a user identification and password are required for access to the eHR Viewer.

At February 2014, eHealth did not provide patients with direct access to their electronic health record. According to eHealth, providing patients with access to electronic patient data is being considered.

4.1.3 Identifying Data Required for a Provincial EHR

eHealth recognizes that the completeness of its provincial repositories is contingent upon the completeness of the sources of its information and willingness of those with patient data to share it. **Figure 3** summarizes the availability (through the eHR Viewer[10]) and completeness of patient data at February 2014. It shows gaps in availability of certain data and incompleteness of others.

[10] Given that EMRs reside at physician offices and healthcare clinics, we did not look at the availability of data in those systems.

Figure 3—Gaps in Saskatchewan's Provincial Repositories at February 2014

Patient Data	Available?	Complete?
Lab Results	Yes	No – Missing lab information from Heartland RHA and Keewatin-Yatthé RHA
Drug Information	Yes	No – Missing hospital drug information and oncology drugs
Immunization Information	Yes	Yes
Diagnostic Imaging/Reports	No*	No
Discharge Summaries	Yes	No – Only includes Saskatoon RHA
Chronic Disease Information	Yes	No – eHealth plans to add four additional chronic diseases to the repository. About 250 physicians are currently participating in the chronic disease program.
Synoptic Reporting Tool	No**	No – Voluntary program for surgeons

Source: eHealth Saskatchewan documentation and interviews

* While eHealth has obtained access to the majority of public clinic diagnostic images and reports, access to these images and reports is not yet available through the eHR Viewer/EMRs. eHealth hopes to provide eHR Viewer/EMR access to public clinic diagnostic images and reports in the next release in September 2014. eHealth does not have an agreement in place to secure images and reports from private clinics (about 30% of images/reports in the province).

** eHealth plans on including synoptic reporting in the next release of the eHR Viewer planned for spring 2014.

eHealth cited a variety of reasons for missing data sources. These included:

- Completeness of repository information: Where eHealth amalgamates patient data from existing individual RHA repositories (e.g., lab results), the resulting provincial repository is only as complete as the RHA repositories. For example, if a Saskatoon lab's results are not contributed to Saskatoon RHA's lab repository, those lab results are not included in the provincial repository.

- Absence of electronic repositories: RHAs such as Heartland RHA do not have an electronic RHA lab repository.

- Use of voluntary programs to obtain data: For example, for chronic disease information, eHealth obtains data from physicians who agree to enter this data on a voluntary basis; not all do.

We further discuss the need to address gaps in data in **Section 4.1.4.**

4.1.4 Need to Monitor and Address Data Gaps

eHealth has identified the data it needs to collect for existing provincial repositories with the exception of the discharge summary repository (as described in **Section 4.1.1**). It also maintains a list of source providers (e.g., Saskatchewan Cancer Agency) for the additional data (e.g., oncology data) required. However, eHealth has not documented priorities, strategies, or timelines for obtaining required data that it has not yet collected.

RHA EMRs include detailed information regarding patient care (e.g., critical patient observations). eHealth has never required much of this EMR information to be stored in

the provincial repositories. Therefore, key patient data needed by physicians may not be available as part of the provincial EHR.

eHealth needs to document its data requirements for the provincial EHR and define strategies to address data gaps. Without a complete and summarized gap analysis, the provincial EHR may not contain key patient data that healthcare professionals need to deliver timely and effective care.

2. **We recommend that eHealth Saskatchewan define strategies to identify and collect key patient data required for provincial electronic health records.**

4.2 Improve Patient Data Agreements

4.2.1 Communicating Data Sharing Requirements With Key Stakeholders

eHealth uses a variety of committees and supports to confirm sharing requirements with key stakeholders. For example, eHealth uses eHIAC (see footnote 8) to provide advice and guidance on data-sharing agreements, service and access policies, and security and privacy concerns.

eHealth recognizes that it must make healthcare agencies and professionals aware of how they can access patient data (i.e., through the eHR Viewer and EMRs). We found that eHealth used the following means to build awareness and understanding of the role and use of eHR Viewer and EMRs, and encourage sharing of patient data. eHealth:

- Created a Transition and Change Management Team. This team, through annual presentations at the University of Saskatchewan's Colleges of Medicine and Pharmacy, introduces the eHR Viewer and EMRs to upcoming healthcare professionals.

- Runs a Peer Program for practicing healthcare professionals. Using networks of healthcare professionals, the program provides demonstrations of the eHR Viewer and EMRs, assists in the use of these technologies, and shares best practices.

4.2.2 Establish Better Agreements for the Collection and Sharing of Data

The Health Information Protection Act (HIPA) specifies that eHealth, RHAs, and the Ministry of Health (Ministry), among others, are trustees[11] for electronic health information. eHealth enters into agreements with the Ministry and RHAs to collect and share data, or obtain access to their repositories.

[11] HIPA defines a trustee as a person or organization who has custody or control of personal health information (i.e., patient data).

We found that eHealth uses two main types of agreements to collect and share data: information-management service provider agreements (IMSP agreements) and data-sharing agreements.

eHealth has an IMSP agreement with the Ministry for the drug and immunization repositories. The Ministry remains responsible for these repositories. Because eHealth is not responsible for these repositories, it does not have the ability to further develop them (e.g., obtain missing data).

eHealth has entered into data-sharing agreements with each RHA for the diagnostic imaging/reporting repository. Because eHealth is not the only party responsible for this repository, when it needs to make changes to the diagnostic imaging/reporting repository, it must consult with and obtain the agreement of all contributing RHAs.

Without eHealth having lead responsibility for provincial data repositories, developing the provincial EHR is an inefficient, time-consuming process. Because eHealth is charged with the development of the provincial EHR, it should control and manage all provincial data repositories.

3. **We recommend that eHealth Saskatchewan obtain responsibility from the Ministry of Health for the drug and immunization repositories to facilitate developing the provincial electronic health records.**

4. **We recommend that eHealth Saskatchewan obtain responsibility from regional health authorities for the diagnostic images and reporting repository to facilitate developing the provincial electronic health records.**

eHealth has also entered into data-sharing agreements with each RHA, and the Ministry for the lab results and discharge summaries. We found these data-sharing agreements were adequate. These agreements included important clauses that outline responsibilities of the different parties, collection policies, confidentiality requirements, and data protection requirements.

As discussed in **Section 4.1.2**, eHealth requires healthcare agencies to sign the user access policy to obtain access to provincial repository data. All healthcare professionals within agencies must also agree to the user access policy before eHealth grants them access. Whenever changes are made to this policy, eHealth appropriately requires all healthcare agencies and professionals accessing the eHR Viewer to re-acknowledge the policy. We found the policy adequately outlines party responsibilities, data trusteeship, and data use.

4.2.3 Coordinating with Stakeholders to Collect Data

eHealth regularly consults with relevant healthcare agencies and professionals before collecting data. For example, to obtain data for the drug information repository, eHealth met with the Saskatchewan Cancer Agency to discuss eHealth's data requirements for oncology drugs. eHealth also consulted with stakeholders to determine data requirements for its chronic disease repository.

4.3 Need Provincial Perspective for IT Capital Funding

4.3.1 Analyze the Benefits of IT Capital Funding on a Health Sector-Wide Basis

As noted in **Section 2.1**, eHealth is responsible for leading the planning and strategy for the provincial EHR. This includes the responsibility for procuring, implementing, owning, operating and managing the provincial EHR and the associated provincial components and infrastructure. Where data sources are included, eHealth makes data available through the eHR Viewer. eHealth's systems that are used to share the data are compatible, and allow data to be transferred between various sources and users noted in **Figure 1**.

Prior to the creation of eHealth, RHAs developed their own IT solutions (e.g., lab result repositories). Some RHAs continue to develop their own IT solutions for expanding electronic health records within their regions and for sharing records between regions. The Ministry funds these projects. The Ministry does not require the RHAs that it funds to coordinate their development with eHealth.

In our *2013 Report – Volume 2*, Chapter 11 we reported that the Ministry does not have a capital asset plan. A long-term capital asset plan would help ensure that the healthcare system has the resources it requires to deliver patient services.

Providing money to other healthcare agencies for electronic health record development without central coordination could result in unnecessary delays in completing the provincial EHR. It could also result in inefficient use of public resources, as some RHA development is not necessarily compatible with eHealth's vision or technologies and could result in managing and maintaining multiple separate systems – those by RHAs and one by eHealth.

As noted in **Section 4.1.1**, in 2009, we recommended that eHealth develop an operational plan to guide the development and implementation of EHR. Such a plan would outline coordination of the provincial EHR with its associated components (systems at RHAs and other healthcare agencies).

5. **We recommend that the Ministry of Health allocate IT capital funding based on a provincial strategy for electronic health records.**

4.3.2 Checking Validity of Data Collected

We found that eHealth has adequate policies to regularly perform data reconciliations to find errors. We also found that with new repositories such as the chronic disease repository, eHealth uses edit checks and defined data fields to prevent data errors. Data is not included in a provincial repository until it passes required validation checks.

eHealth staff follow up on identified errors by contacting the original data source. eHealth makes the source (e.g., RHA) responsible for correcting the error directly in the provincial repository or in their RHA repository (e.g., lab repositories).

5.0 Selected References

eHealth Saskatchewan. (unknown). *Strategic Plan*. www.ehealthsask.ca/about/Pages/strategicplan.aspx (18 November 2013).

eHealth Saskatchewan. (2012). *eHealth Saskatchewan Annual Report*. www.ehealthsask.ca/about/Pages/Annual-Reports.aspx (18 November 2013).

eHealth Saskatchewan. (2013). *eHealth Saskatchewan Annual Report*. www.ehealthsask.ca/about/Pages/Annual-Reports.aspx (18 November 2013).

Auditor General of Canada. (2009). *National Security: Intelligence and Information Sharing, 2009 March Report*. Ottawa: Author. www.oag-bvg.gc.ca/internet/English/parl_oag_200903_01_e_32288.html#cn-nav (28 November 2013).

Provincial Auditor of Saskatchewan. (2009). *Electronic Health Records, 2009 Report – Volume 3*. Regina: Author.

Provincial Auditor of Saskatchewan. (2012). *Control Over Offender Information and Release Dates, 2012 Report – Volume 2*. Regina: Author.

Chapter 10
Justice—Management of Provincial Court Workloads

1.0 Main Points

The Ministry of Justice (Ministry) supports the Provincial Court of Saskatchewan (Provincial Court) in managing court workloads. The Supreme Court of Canada has identified the key aspects of independence necessary to maintain a separation between the judiciary[1] and other branches of government. A Chief Judge is responsible for the sittings of the Provincial Court and provides the administrative link to the Ministry of Justice while preserving judicial independence.

The Ministry provides the Chief Judge with administrative support to manage the Provincial Court's workloads. Lack of effective support to manage these workloads could affect timely scheduling of the Provincial Court's hearings resulting in delays in delivery of justice. Such delays could also result in additional costs to hold the accused in detention centres and loss of public faith in our justice system.

For the twelve-month period ended December 31, 2013, the Ministry had effective processes to support the Provincial Court in managing court workloads except that it needs to:

- Define clear and appropriate performance measures and targets for managing court workloads
- Develop and implement a complete process to forecast budgetary resources needed to help manage court workloads
- Develop and consistently use complete administrative procedures to manage court workloads
- Complete a human resources plan that includes standardized training processes for staff to support the management of court workloads
- Improve its collection, monitoring, analyzing and public reporting of information related to management of court workloads

We make six recommendations to help the Ministry improve its processes to support the Provincial Court in managing workloads.

[1] The judiciary, also known as the judicial or court system, is a system of courts that interprets and applies the law with judges overseeing the system.

2.0 INTRODUCTION

The Department of Justice Act (Act) makes the Ministry of Justice responsible for the supervision of all matters connected with the administration of justice in Saskatchewan.[2] This includes the responsibility to support the Provincial Court in managing workloads. The Ministry works with the Chief Judge[3] to support the monitoring and management of workloads.

The court system needs to measure the amount and type of work performed. A court workload is based on several external factors including the number of charges laid, the number of court appearances, the number of accused, and case complexity. Court workload directly impacts an accused's time-to-trial[4]. Effective management of workload helps ensure that cases can be heard and decided in a timely manner.

This chapter reports the results of our audit of the Ministry's processes to support the Provincial Court in managing workloads.

3.0 SUPPORTING THE PROVINCIAL COURT OF SASKATCHEWAN

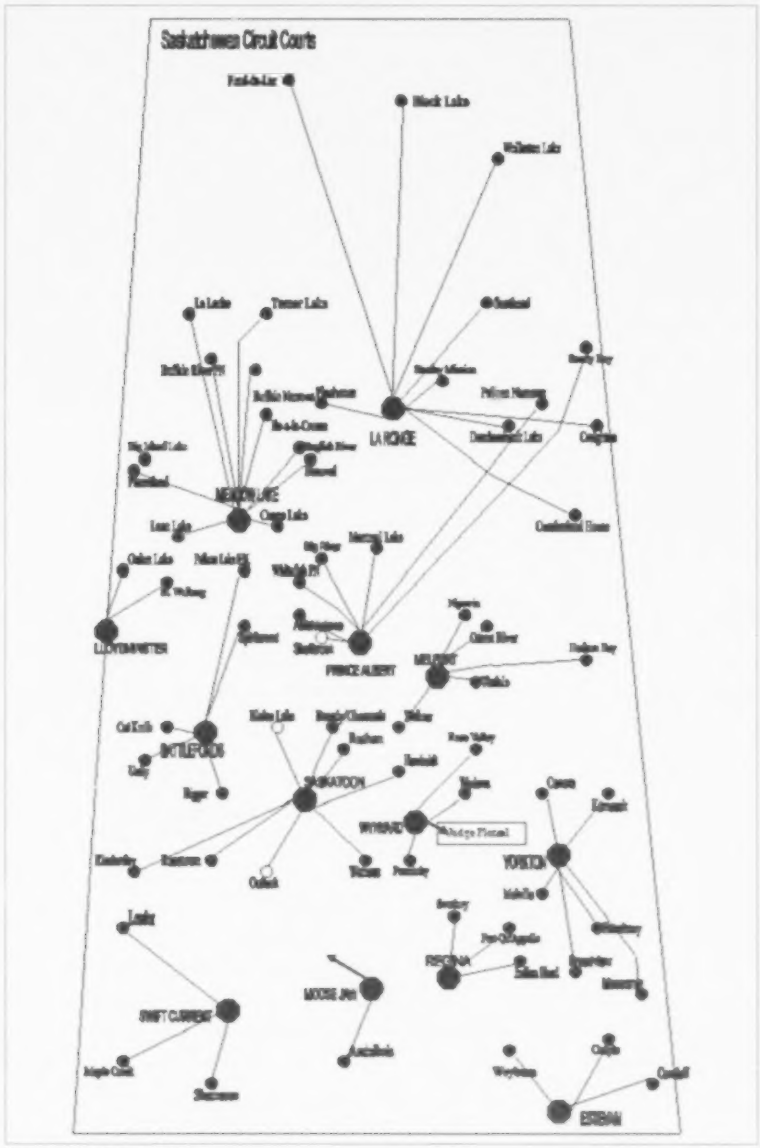
The Canadian justice system is complex and involves different levels of government, its agencies, and individuals. A key to Canada's justice system is the separation between the judiciary and the state (e.g., the federal and provincial governments). The Supreme Court of Canada has identified the key aspects of independence necessary to maintain a separation between the judiciary and other branches of government.

A Chief Judge is responsible for the sittings of the Provincial Court and provides the administrative link to the Ministry of Justice while preserving judicial independence. Under *The Provincial Court Act, 1998,* Cabinet appoints a Chief Judge of the Provincial Court. Duties of the Chief Judge include assigning provincial judges to hear cases, designating Provincial Court facilities, and scheduling and setting court dates.[5,6] At December 2013, Saskatchewan had 48 Provincial Court judges. These judges preside over Provincial Court under the leadership of the Chief Judge.

The Provincial Court has civil and criminal jurisdiction. It hears cases related to criminal charges against adults and youths, civil claims for less than $20,000, traffic safety violations, municipal bylaws, and some family law matters. As shown in **Figure 1**, Provincial Court is held in 13 permanent provincial offices and almost 70 circuit points. The Provincial Court has locations throughout the province.

[2] www.qp.gov.sk.ca/documents/English/Statutes/Statutes/D18-2.pdf (5 December 2013).
[3] The Chief Judge is part of the judiciary which is distinct and operates independently of other justice system participants. The Chief Judge has administrative duties and powers in addition to being a judge.
[4] The number of days an accused person has to wait for their trial once they indicate they want to have a trial.
[5] www.qp.gov.sk.ca/documents/English/Statutes/Statutes/P30-11.pdf (12 December 2013).
[6] www.courts.gov.bc.ca/about_the_courts/Judicial%20Independence%20Final%20Release.pdf (13 February 2014).

Figure 1—Provincial Court of Saskatchewan Circuit Court Points

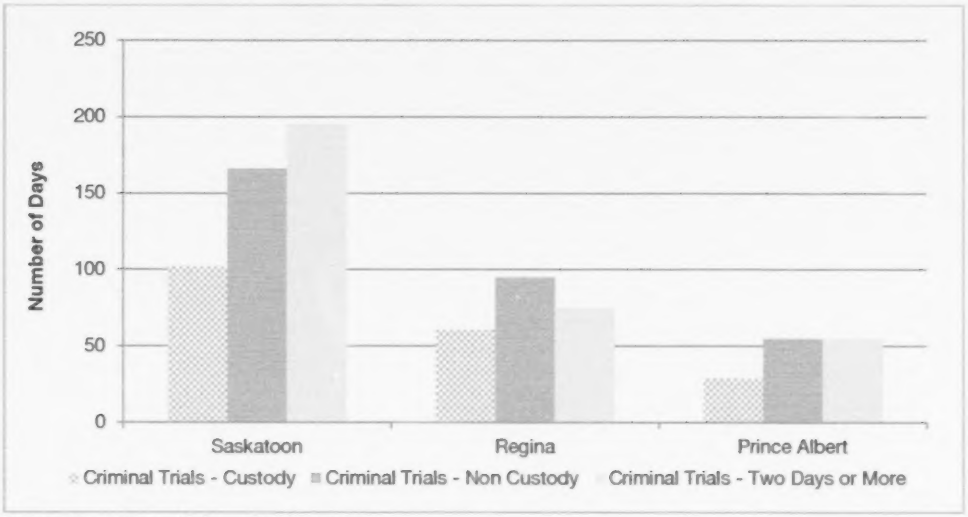


Source: Ministry of Justice

In criminal cases, timely delivery of justice is crucial. *The Canadian Charter of Rights and Freedom* states that a person charged with a criminal offence has a right to be tried within a reasonable timeframe. The Supreme Court of Canada gives a guideline of eight to ten months (i.e., 240 to 300 days) as a reasonable length of time for institutional delays in Provincial Courts.[7] **Figure 2** shows, that in each of the three major Saskatchewan centres, the average wait time for all three types of criminal trials was less than 200 days in October 2013. However, in other centres, the wait time is much longer. For example, Ile-a-la-Crosse has a wait time of over 300 days.

[7] Supreme Court of Canada, R.V. Morin, 1992 defines institutional delay as time that "runs from the time the parties are ready for trial and continues until the system can accommodate the proceedings".

Figure 2—Provincial Court of Saskatchewan Adult Criminal Trials Wait Time (Time-to-Trial) in Major Urban Centres, October 2013



Source of data: Provincial Court of Saskatchewan

The Ministry provides the Chief Judge with administrative and financial support through its Court Services Division. In 2013-14, the Ministry expected to spend about $45.7 million on providing judicial and operational support to the system (about 12% of its total budget) (2014-15 – $49.8 million).[8] This includes coordinating the production of court transcripts, maintaining court records and files, and providing enforcement services for legal judgments.

Since 1994, the workload of the Provincial Court has substantially increased.[9] The annual numbers of total appearances in the Provincial Court have increased from about 600,000 in 2003 to over 800,000 in 2012 – an increase of over 37%.

Effective court operations depend on the timely and proper administrative and financial support from the Ministry. The public could be at greater risk if an accused is improperly released. The public could also lose faith in our justice system because of delays in the court's consideration of cases and in the timely delivery of justice. In addition, delays could result in additional costs incurred to hold accused in detention centres for an extended period of time.

4.0 Audit Objective, Scope, Criteria, and Conclusion

The objective of this audit was to assess whether the Ministry of Justice had effective processes to support the Provincial Court in managing workloads for the twelve-month period ended December 31, 2013.

Our audit did not assess the performance of the judiciary or the Chief Judge. Nor did it assess the judgments made by the Provincial Court.

[8] Government of Saskatchewan, *2014-15 Estimates*, p. 92.
[9] *Report and recommendations of the 2011 Judicial Compensation Commission*, p. 17-18.

We examined the Ministry's processes, policies, and procedures that relate to supporting the Provincial Court to manage workloads.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's processes, we used the following criteria based on reviews of literature including reports of other auditors, and consultations with management. **Section 6** sets out the key sources for these criteria. Management agreed with these criteria.

Figure 3—Audit Criteria

To have effective processes to support the Provincial Court of Saskatchewan in managing court workloads, the Ministry should:

1. **Plan to support the Chief Judge in the management of court workloads**
   - 1.1 Forecast court workloads
   - 1.2 Include court personnel and related professionals (i.e., judiciary, police, lawyers) in developing plans to manage court workloads
   - 1.3 Produce plans for supporting management of court workloads
   - 1.4 Create clear and appropriate performance measures for court workloads
   - 1.5 Communicate expectations of plans to manage court workloads
2. **Implement plans to support the Chief Judge in the management of court workloads**
   - 2.1 Collaborate with court personnel and related professionals (i.e., judiciary, police, lawyers) on plans to manage court workloads
   - 2.2 Implement systems (i.e., processes, IT) to help manage court workloads
   - 2.3 Commit appropriate resources (i.e., human, facilities) to help manage court workloads
   - 2.4 Put processes in place for continuous improvement
   - 2.5 Train staff used to implement plans to manage court workloads
3. **Monitor and report information that supports the Chief Judge in the management of court workloads**
   - 3.1 Collect information on performance measures
   - 3.2 Identify important factors influencing court workload measures
   - 3.3 Analyze information influencing court workload measures
   - 3.4 Use analysis from monitoring court workloads
   - 3.5 Communicate performance about court workloads

We concluded that the Ministry of Justice had effective processes to support the Provincial Court of Saskatchewan in managing court workloads for the twelve-month period ended December 31, 2013, except that it needs to:

- **Define clear and appropriate performance measures and targets for supporting court workloads**
- **Develop and implement a complete process to forecast budgetary resources needed to help manage court workloads**
- **Develop and consistently use complete administrative procedures to manage court workloads**
- **Complete a human resources plan that includes standardized training processes for staff to support the management of court workloads**
- **Improve its collection, monitoring, analysis and public reporting of information related to management of court workloads**

5.0 Key Findings and Recommendations

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 3.**

5.1 Planning Processes Need Improvement

The Ministry of Justice *Plan for 2013-14*[10] included actions to improve support to the court. However, the Ministry does not have a complete plan that sets out specific actions to support the management of court workloads including how the Ministry plans to measure its success in managing the workload (e.g., performance measures and targets). To effectively support the management of court workloads, the Ministry needs effective planning processes that allow it to accurately estimate its current and future capital, staffing, and equipment needs.

The Ministry has a five-year plan for capital improvements. The Ministry and judiciary meet regularly, as part of a judiciary-led facilities committee, to discuss facility issues.[11] However, the Ministry has not effectively considered the long-term capacity needs of all Provincial Court facilities. The Ministry last completed a comprehensive assessment of Provincial Court facilities in 2001.

The Ministry and the Chief Judge monitor time-to-trial. We noted that some Provincial Court locations in the province are approaching the maximum time-to-trial timeframes set out in the Supreme Court of Canada guidelines.

The Provincial Court has experienced a significant increase in its workload over the past 10 years. A key to effective management of court workloads is forecasting future resource demands. The Ministry needs such a forecast to determine staff, appropriateness and capacity of facilities, and equipment resources necessary to support the Provincial Court's work.

The Ministry uses its information system to track a number of factors related to court workloads. For example, the Ministry has data by Provincial Court location (e.g., Regina) on the length of time to conclude,[12] the number of appearances, and the number of charges laid and concluded. While these are important factors, we found that the Ministry does not use them to forecast court workloads. Nor did we identify other factors that the Ministry uses to accurately forecast staff, facilities, or equipment necessary to support court workloads.

The Ministry uses quarterly reports from Provincial Court locations to identify the potential time-to-trial issues. Ministry staff work with the Chief Judge who tracks the next available trial date at each Provincial Court location and sets the schedule of court hearings. For example, if the Chief Judge determines that time to the next normally-available trial date is long in a specific Provincial Court location, the Chief Judge and Ministry arrange to run extra court dates for a short period of time. The Ministry was unable to show us that it had fully identified the root causes of time-to-trial pressures

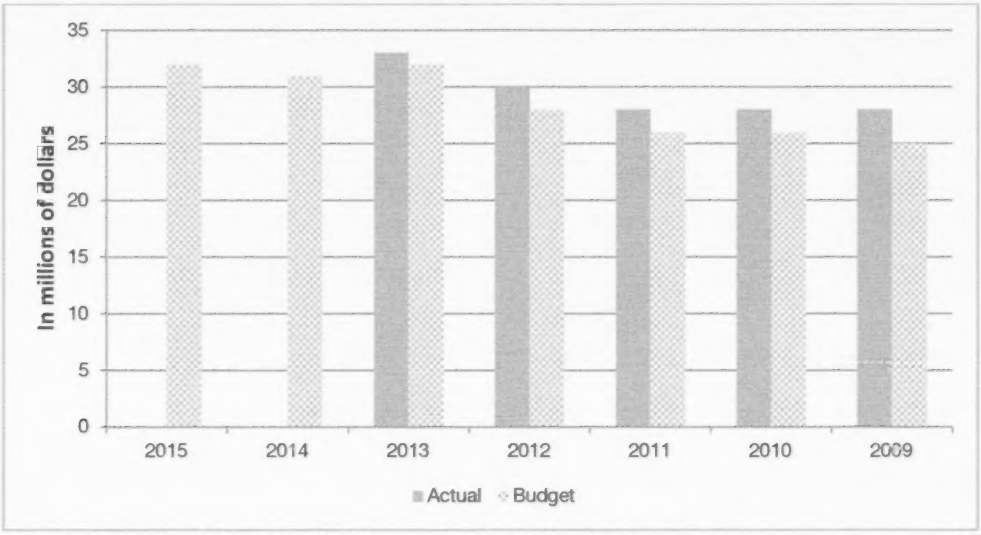
[10] The Ministry of Justice, *Plan for 2013-14* www.finance.gov.sk.ca/PlanningAndReporting/2013-14/JusticePlan1314-Print.pdf (5 April 2014).
[11] The committee's purpose is to monitor whether court facilities meet physical and security standards.
[12] The number of days between first court appearance and final (concluding) court appearance.

causing the need for extra court dates. Also, no performance measures and targets were set to support the management of court workloads.

The lack of a complete plan to support the management of court workloads can lead to increased overtime costs, inadequate facilities, and longer time-to-trial for accused.

1. **We recommend that the Ministry of Justice define clear and appropriate performance measures and targets for supporting the management of Provincial Court of Saskatchewan workloads.**

Figure 4—Comparison of Actual-to-Budgeted Court Service Expenses



Source: Ministry of Justice Annual Report and Government of Saskatchewan – Estimates
Actuals for 2014 and 2015 are not yet available

As shown in **Figure 4**, the Ministry's actual cost of providing resources to courts has exceeded its budget for several years. The Ministry explains, each year in its Annual Report, that increased costs are related to court security, workload pressures, and other operating pressures. This included hiring additional full-time equivalent positions for court services. Full-time equivalent positions hired to address Provincial Court workload pressures has increased by 20 since 2010.[13] Overtime hours and costs have also increased significantly. Court services staff worked 4,331 overtime hours to support the Provincial Court in 2009. This increased to 6,110 overtime hours in 2013-14.[14] **Section 5.2** identifies inconsistencies in determining staffing needs for court services.

Consistently exceeding its budget indicates a need for the Ministry to strengthen its budgeting and forecasting processes. Also, it indicates that while use of extra court dates can be effective short-term responses to address immediate time-to-trial pressures, they may not be cost-effective solutions over the mid to long term.

[13] Ministry of Justice.
[14] Ibid.

2. **We recommend that the Ministry of Justice develop and implement a complete forecasting process that identifies administrative and financial resources (e.g., staff, facilities, and equipment) needed to support the management of court workloads.**

The Ministry is developing a new information system to provide it with better information. The system will be implemented in three phases. The court information system is scheduled for implementation in 2016. Ministry officials advised us that the new system may require additional reporting enhancements to support a complete forecasting process.

5.2 Consistent Processes to Manage Court Workloads Needed

The Ministry has documented some administrative policies and procedures to guide court processes (e.g., recalling warrants and orders to lift prohibition orders). However, the Ministry has not defined policies and procedures for all key administrative processes. In addition, not all administrative processes are consistent. For example, some Court locations develop their own administrative procedures including key human resource procedures.

We found that staff use different documentation procedures at different Provincial Court locations (e.g., to document court appearances). The Ministry has not yet worked with the Chief Judge to fully identify procedural differences and potential solutions.

We also found that the Ministry does not have a complete human resource plan for all court services staff located across the province. The largest Provincial Court locations (i.e., Regina, Saskatoon, and Prince Albert) have identified some future human resource needs (e.g., succession plans for retiring staff). However, the process for identifying staffing needs is not consistent across the province. Also, at each location, training of new administrative staff typically occurs by having the new staff member work directly with an experienced staff member to learn what the job requires.

While some training materials are available, we found that the administrative procedures and staff training at Provincial Court locations are inconsistent. Consistent procedures would allow the Ministry to develop efficient and effective training programs and make it easier for staff to move between locations (either permanently or to help with extra court dates), help address future staff succession needs, and better identify staffing needs. A lack of standardized training combined with using different procedures at different Provincial Court locations can be inefficient and increase the risk of administrative errors.

3. **We recommend that the Ministry of Justice develop and consistently use complete administrative procedures to support the management of Provincial Court of Saskatchewan workloads.**

4. **We recommend that the Ministry of Justice implement a complete human resources plan that includes standardized training processes for staff who support the management of Provincial Court of Saskatchewan workloads.**

5.3 Monitoring and Reporting Need Improvement

A good decision-making process includes systematically collecting and analyzing key information about the courts to identify factors that influence workloads. The Ministry and Chief Judge can then use these analyses to make informed decisions.

The Ministry prepares reports on a quarterly basis. The reports include data about court workloads. For example, the reports identify the number of court appearances at each location.

As noted in **Section 5.1**, the Ministry has not yet identified all key factors that influence court workloads or analyzed the reports to determine root causes for why workloads are increasing. Ministry officials and the Chief Judge have cited a lack of resources to analyze court workload data.

We also found that although the Ministry periodically reviewed key areas of its court operations, it did not formally follow up on the recommendations of these reviews. For example, in December 2010, it assessed the efficiency and effectiveness of court operations. In 2011, it assessed its use of video conferencing technology. Both reports identified recommendations for how to improve operations. While the Ministry has taken steps to improve its processes, we found that it had not actively monitored or reported on the relevance or status of implementation of those recommendations. To achieve value from resources spent on review activities, senior management should require staff, on a periodic basis, to outline, in writing, actions to address recommendations and status of the implementation of those actions.

Not understanding all key factors that influence court workloads and not actively following up the results of reviews increases the risk of not properly planning for or managing court workloads. This may result in inefficient use of resources.

5. **We recommend that the Ministry of Justice improve its collection, analysis, monitoring, and public reporting of information related to supporting the management of Provincial Court of Saskatchewan workloads.**

The Ministry's last Annual Report (2013-2014) and most recent plan (2014-15) included limited plans and reporting on court initiatives (e.g., extent of use of video conferencing). Although the Ministry has cited, for a number of years, ongoing court workload pressures and operating pressures in court services as the reasons for increased spending, it does not make public the action plans it expects to use to address those court workload and operating pressures in court services. It also has not made public the extent to which it is achieving those plans. Providing this information to legislators and the public will help them understand the underlying reasons for the increased costs of court services and how the Ministry plans to manage them.

6. We recommend that the Ministry of Justice make public its key action plans to address operating pressures related to supporting the management of Provincial Court of Saskatchewan workloads.

6.0 Selected References

Audit Office of New South Wales. (1998). *Performance Audit Report: Management of Court Waiting Times*. Sydney, New South Wales: Author. www.audit.nsw.gov.au/publications/reports/performance/1999/courtswait/cwt1.pdf (4 October 2013).

British Columbia Courts. (2012). *Judicial Independence (And What Everyone Should Know About It)*. Victoria, British Columbia: Author. www.courts.gov.bc.ca/about_the_courts/Judicial%20Independence%20Final%20Release.pdf (13 February 2014).

European Commission for the Efficiency of Justice. (2006). *Time Management of Justice Systems: A Northern Europe Study*. Strasbourg: Council of Europe Publishing. www.coe.int/t/dghl/cooperation/cepej/Delais/GestionTemps_en.pdf (4 October 2013).

Government of Saskatchewan. Ministry of Justice. (2013). *2012-13 Annual Report*. Regina: Author. www.justice.gov.sk.ca/JU-AnnRep-2012-13 (28 November 2013).

Legg, G. (2013). *Injecting a Sense of Urgency: A New Approach to Delivering Justice in Serious and Violent Criminal Cases*. Edmonton: Author. justice.alberta.ca/programs_services/criminal_pros/Documents/InjectingSenseUrgency.pdf (29 October 2013).

Office of the Auditor-General. (2009). *Ministry of Justice: Supporting the Management of Court Workloads*. New Zealand: Author. www.oag.govt.nz/2009/court-workloads/docs/oag-court-workloads.pdf (4 October 2013).

Office of the Auditor General of Ontario. (2008). *Annual Report of the Office of the Auditor General of Ontario, Chapter 3, Section 3.07*. Toronto: Author. www.auditor.on.ca/en/reports_en/en08/307en08.pdf (4 October 2013).

Queensland Audit Office. (2010). *Report to Parliament No. 3 for 2010: Administration of Magistrates Court Services in Queensland*. Queensland: Author. www.qao.qld.gov.au/files/file/Reports/2010_Report_No.3.pdf (4 October 2013).

Reid, M.R. et al. (2008). *Report of the Task Force on Criminal Justice Efficiencies*. St. John's: Ministry of Justice Task Force, Newfoundland Labrador. www.justice.gov.nl.ca/just/publications/report_on_criminal_justice_efficiencies.pdf (19 November 2013).

Tasmanian Audit Office. (2008). *Auditor-General Special Report No. 73 Timeliness in the Magistrates Court*. Tasmania: Government Printer. www.audit.tas.gov.au/media/Special-Report-No-73-Timeliness-in-Magistrates-Court-June-2008.pdf (4 October 2013).

Chapter 11
Saskatchewan Apprenticeship and Trade Certification Commission—Enabling Apprentices to Achieve Certification

1.0 Main Points

Training apprentices is important because the shortage of workers in skilled trades continues to be one of the critical issues facing Saskatchewan.[1] The Saskatchewan Apprenticeship and Trade Certification Commission's (Commission) apprenticeship and trade certification program is key to addressing these shortages.

We audited the effectiveness of the Commission's processes to enable apprentices to achieve Interprovincial Standards Red Seal certifications that meet market demand[2] for the twelve-month period ended December 31, 2013. The audit focused on the processes for the electrician, carpentry, and plumbing trades.

Our audit concluded the Commission had effective processes except that it needs to:

- Develop specific, measurable, relevant, and reasonable targets for all performance measures and document methodologies for determining the results of the program
- Develop requirements for regular, formal reporting of interim progress
- Formally require regular reporting of apprentices' on-the-job trade hours
- Implement a formal policy for industry inspections that requires the use of a risk assessment to decide which employers to inspect and how often
- Verify that employers receive an industry inspection as required
- Develop a formal process to ensure employers comply with *The Apprenticeship and Trade Certification Act, 1999* and *The Apprenticeship and Trade Certification Regulations, 2003*
- Follow its policy regarding timely completion of issue-driven inspections

2.0 Introduction

Skilled workers are important to the Saskatchewan economy. The economy's reliance on new apprentices entering the various trades assists in the growth and sustainability of the trades.

The Saskatchewan Apprenticeship and Trade Certification Commission (Commission) is responsible for developing and executing a relevant, accessible, and responsive apprenticeship training and certification program in Saskatchewan. Apprenticeship is an

[1] Saskatchewan Apprenticeship and Trade Certification Commission, *2012-13 Annual Report*, p. 9.
[2] Market demand is defined as the employer training demand.

agreement between a person who wants to learn a trade (an apprentice) and an employer who needs a skilled worker.

Between July 1, 2012 and June 30, 2013, there were 10,023 apprentices registered in the Commission's program, 3,348 of whom were new apprentices. It typically takes an apprentice between four and six years to complete the program and achieve certification. At June 30, 2013, the Commission had 1,404 registered carpenter apprentices, 2,011 registered electrician apprentices, and 1,052 registered plumbing apprentices.[3] The apprentices registered in these three trades represent about 45% of registered apprentices in the apprenticeship and training certification program in Saskatchewan.

As reflected in **Figure 1**, over the last six years, the total number of registered apprentices and total technical training seats[4] in the Commission's program have grown by about 23% and 63%, respectively. The Commission's apprenticeship training and certification program is essential for preparing Saskatchewan apprentices to successfully achieve the requirements of the Interprovincial Red Seal standardized final examinations for that trade (Red Seal Examination).

Figure 1—Six-Year Apprenticeship Program Enrollment

	2013	2012	2011	2010	2009	2008
Total Registered Apprentices	10,023	9,724	9,442	9,136	8,924	8,130
Total Technical Training Seats	6,200	5,710	5,531	5,375	5,011	3,797

Source: Saskatchewan Apprenticeship and Trade Certification Commission 2007-2008 to 2012-2013 Annual Reports

This chapter reports on the results of our audit of the Commission's processes to enable electrical, carpentry, and plumbing apprentices to achieve trade certification.

3.0 Background—Apprenticeship Training and Certification

The Commission is governed by a Board of Directors that is appointed by Cabinet. The Board consists of representatives from industry, including both employers and employees, and from government, training providers, and equity groups.

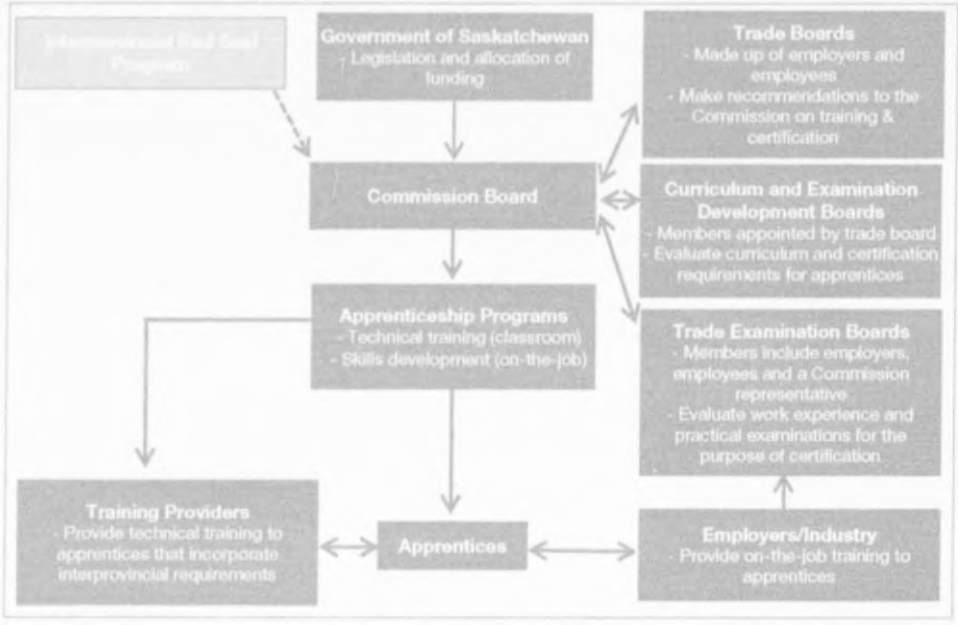
The Commission participates in the Interprovincial Standards Red Seal (Red Seal) program.[5] It is an industry-based learning system that combines on-the-job experience with technical training to produce a certified journeyperson.[6] Apprenticeship training and certification programs (see **Figure 2**) help prepare apprentices by providing quality technical training and skills development.

[3] Saskatchewan Apprenticeship and Trade Certification Commission, *2012-13 Annual Report*, p. 36-37.
[4] A technical training seat is a seat in a classroom session for an apprentice to receive technical (theoretical) training from a training provider.
[5] The Red Seal program establishes interprovincial standards for the skilled trades. The program encourages harmonization of provincial and territorial apprenticeship training and certification programs by developing and maintaining interprovincial standards of qualification for Red Seal trades. These standards, also known as National Occupational Analysis, outline the skills and competencies expected of a newly certified journeyperson. The Red Seal certification endorsement is recognized throughout Canada. The Commission and its counterparts across Canada participate in the management of the Red Seal program through the Canadian Council of Directors of Apprenticeship (CCDA). www.red-seal.ca/c.4nt.2nt@-eng.jsp?cid=22 (16 January 2014).
[6] www.red-seal.ca/c.4nt.2nt@-eng.jsp?cid=22 (7 January 2014).

The Commission, through its program, provides the framework for workplace training, manages the apprenticeship system, coordinates technical training, and creates the opportunity for certification in 49 designated trades[7] and 20 sub-trades[8] in Saskatchewan.[9] Thirty-eight out of the 49 trades and 20 sub-trades in Saskatchewan are designated as "Red Seal" interprovincial trades[10] including electrician, carpentry, and plumbing trades.

As part of the Commission's program, apprentices obtain required on-the-job experience and supervision by qualified journeypersons, and receive further technical training through classroom sessions. The Commission uses Red Seal occupational standards to develop technical and on-the-job training for Saskatchewan Red Seal apprentices. The Commission contracts with various third parties to facilitate its technical (i.e., classroom) training.

Figure 2—Apprenticeship Program


Government of Saskatchewan
- Legislation and allocation of funding
Trade Boards
- Made up of employers and employees
- Make recommendations to the Commission on training & certification
Commission Board
Curriculum and Examination Development Boards
- Members appointed by trade board
- Evaluate curriculum and certification requirements for apprentices
Apprenticeship Programs
- Technical training (classroom)
- Skills development (on-the-job)
Trade Examination Boards
- Members include employers, employees and a Commission representative
- Evaluate work experience and practical examinations for the purpose of certification
Training Providers
- Provide technical training to apprentices that incorporate interprovincial requirements
Apprentices
Employers/Industry
- Provide on-the-job training to apprentices

Source: Adapted from materials provided by the Saskatchewan Apprenticeship and Trade Certification Commission

4.0 Audit Objective, Scope, Criteria, and Conclusion

The objective of this audit was to assess whether the Saskatchewan Apprenticeship and Trade Certification Commission's apprenticeship and trade certification program had effective processes to enable apprentices to achieve Interprovincial Standards Red Seal certifications that meet market demand[11] for the twelve-month period ended December 31, 2013. The audit focused on the processes for the electrician, carpentry, and plumbing trades.

[7] A designated trade is an occupation designated under *The Apprenticeship and Trade Certification Act, 1999*. Designation of an occupation means that legislated rules apply; standards, technical training and certification examinations are established.
[8] A sub-trade is a branch of a designated trade that is recognized for training and certification purposes.
[9] Saskatchewan Apprenticeship and Trade Certification Commission, *2012-13 Annual Report*, p. 9.
[10] www.saskapprenticeship.ca/wp-content/uploads/2012/05/What-is-App_Jan14_www.pdf (27 February 2014).
[11] Market demand is defined as the employer training demand.

We examined the Commission's policies, procedures, and processes that relate to the apprenticeship and trade certification program. We assessed the Commission's processes for reviewing and assessing curriculum and examination requirements. We also reviewed apprentice files and the related on-the-job training records, and the results of worksite visits conducted by Commission staff.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Commission's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. Management agreed with these criteria (see **Figure 3**).

Figure 3—Audit Criteria

1. **Set requirements for the apprenticeship and trade certification program**
   - 1.1 Forecast apprenticeship needs
   - 1.2 Set program objectives and performance targets
   - 1.3 Define requirements for certification of apprentices (i.e., technical and skills development)
   - 1.4 Develop processes to periodically review requirements
   - 1.5 Communicate requirements
2. **Administer the apprenticeship and trade certification program**
   - 2.1 Contract for provision of technical training (e.g., post-secondary institutions)
   - 2.2 Assess apprentices' competency (e.g., examinations including Red Seal examinations)
   - 2.3 Conduct work site inspections
   - 2.4 Document results of work site inspections
   - 2.5 Maintain records of apprentices' progress
3. **Monitor outcomes of the apprenticeship and trade certification program**
   - 3.1 Assess key success factors of the program (e.g., meeting market demand)
   - 3.2 Assess delivery of technical training (e.g., contracts)
   - 3.3 Investigate complaints
   - 3.4 Analyze and adjust program
   - 3.5 Communicate results

We concluded that, for the twelve-month period ended December 31, 2013, the Saskatchewan Apprenticeship and Trade Certification Commission's apprenticeship and trade certification program had effective processes to enable apprentices to achieve Interprovincial Standards Red Seal certifications that meet market demand except it needs to:

- **Develop specific, measurable, relevant, and reasonable targets for all performance measures and document methodologies for determining the results of the program**
- **Develop requirements for regular, formal reporting of interim progress**
- **Formally require regular reporting of apprentices' on-the-job trade hours**
- **Implement a formal policy for industry inspections that requires the use of a risk assessment to decide which employers to inspect and how often**
- **Verify that employers receive an industry inspection as required**
- **Develop a formal process to ensure employers comply with *The Apprenticeship and Trade Certification Act, 1999* and *The Apprenticeship and Trade Certification Regulations, 2003***

- **Follow its policy regarding timely completion of issue-driven inspections**

5.0 Key Findings and Recommendations

In this section, we set out our key findings and recommendations related to the audit criteria in **Figure 3**.

5.1 Requirements for the Apprenticeship and Trade Certification Program are Set

5.1.1 Apprenticeship Needs Forecasted

The Commission forecasts its apprenticeship training needs through the development of a multi-year budget for training seats. The Commission incorporates a number of factors in the development of this budget, such as historical trends in the number of training seats required, projected growth rates in the trades, and the number of new apprentices entering the apprenticeship program. The Commission also prepares annual training needs assessments with its largest training provider, the Saskatchewan Institute of Applied Science and Training (SIAST). It uses the training needs assessment to predict the number of training seats required for the upcoming year. The Commission and SIAST consult on the training needs assessment so that SIAST can meet the Commission's training needs.

5.1.2 Performance Targets Set But Not Measureable

The Commission developed a five-year strategic plan that identifies its long-term direction and priorities for the administration of the apprenticeship and training certification program. The Commission expects its strategic plan to serve as a framework for monitoring progress towards implementing the strategies.[12] It uses the strategic plan to provide guidance to the Commission board, establish priorities linked to the business plans, and communicate its priorities to stakeholders and the public. The Commission also develops an annual business plan based on the strategic plan that includes goals and targets.

The 2012-2017 strategic plan was approved by the Commission's board in October 2012. It outlines general strategies for achieving the Commission's mission and vision, and sets out accompanying goals.

In its 2012-2013 business plan, the Commission included specific performance measures and targets such as tracking apprentices' success rates on Red Seal examinations versus the national average, and achieving results above the national average. Other examples include increasing the number of employers participating in the apprenticeship and trade certification program to be greater than 2011 numbers, and increasing the number of journeypersons in Saskatchewan to be greater than 2011 numbers.

[12] Saskatchewan Apprenticeship and Trade Certification Commission, *Strategic Plan 2012-2017*. www.saskapprenticeship.ca/wp-content/uploads/2012/05/Strategic-Plan-Oct-2012-web.pdf (28 March 2014).

Performance measures and targets in the 2013-2014 business plan did not address all of the goals in the 2012-2017 strategic plan. Also, the measures and targets in the 2013-2014 business plan did not include time parameters for completion (i.e., monthly, quarterly, semiannual or annual). Only one-half of the goals in the 2013-2014 business plan contain a measurable target. The remaining targets are set in a generic fashion (e.g., leveraging partnerships, conducting consultations, and obtaining feedback) and are difficult to quantify and determine the progress towards achievement.

Also, the 2013-2014 target used for the performance measure to optimize the number of apprentices accessing available technical training seats does not seem reasonable. The target is to have a greater than 90% fill rate; however, the Commission achieved a 98% fill rate in 2012-13.[13]

The Commission does not have documentation to explain the methodology behind the measures and how to report them. Some of the performance measures and targets identified in the business plan do not meet the expectations of being specific, measurable, relevant, and reasonable. Targets that meet these expectations will help the Commission better determine progress towards achievement of its strategic goals and objectives.

1. **We recommend the Saskatchewan Apprenticeship and Trade Certification Commission develop specific, measurable, relevant, and reasonable targets for all performance measures to ensure strategies are achieved to support the apprenticeship and trade certification program.**

2. **We recommend the Saskatchewan Apprenticeship and Trade Certification Commission document methodologies for determining the results of the apprenticeship and trade certification program.**

5.1.3 Certification Requirements Defined

National certification requirements that apprentices must meet to become Red Seal Certified journeypersons exist for each of the three trades selected for this audit – electrician, carpentry, and plumbing. The Canadian Council of Directors of Apprenticeship (CCDA) sets out these requirements. The Commission has built these requirements into its technical and skills development requirements. The Commission has developed and communicated its requirements through various guides. **Figure 4** provides a brief description of key guides.

[13] Saskatchewan Apprenticeship and Trade Certification Commission, *2012-13 Annual Report*, p. 12.

Figure 4—Brief Description of Commission's Technical and Skills Development Guides

Course Guides: These guides summarize the training delivered at each level of apprenticeship training. An apprentice spends approximately 15% of the apprenticeship term at a technical training provider learning the technical and theoretical aspects of the trade.[14] Further, the guides provide apprentices with information on the trade hours required to become a certified journeyperson.

Interprovincial Exam Guides: Exam guides are descriptions of the subject areas that the apprentice is expected to know and how heavily each subject area is weighed on the Red Seal certification examination.

On-the-Job Training Guides: These guides summarize the tasks to be covered by the apprentice during the on-the-job portion of their apprenticeship training. They are designed for use by employers. An apprentice spends approximately 85% of the apprenticeship term training on the job.

Source: Adapted from materials provided by the Saskatchewan Apprenticeship and Trade Certification Commission

5.1.4 Requirements Periodically Reviewed

To keep abreast of potential changes in requirements, the Commission participates in the CCDA, which is responsible for the Red Seal program. CCDA conducts a National Occupational Analysis (NOA) review every three years for each trade. The NOA drives the curriculum and certification examinations offered to apprentices.

Also, the Commission uses its Trade Boards, Curriculum and Examination Development Boards, and Trade Examining Boards (see **Figures 2** and **5**) to periodically review and advise the Commission Board on the apprenticeship and trade certification program requirements for their related trade. Each designated trade or sector has one of each of these boards.

We found that the Commission's Trade Boards for carpentry, electrician, and plumbing trades met at least once during the year, and discussed various issues facing their trades and training provider. They also discussed programs that provide trade experience, and reviewed the scope of a proposed new trade program.

We found that the Curriculum and Examination Development Boards for carpentry and plumbing met during the year and discussed changes for one of the level examinations, and reviewed a new draft of a National Occupational Analysis to provide comment back to Red Seal. The Trade Examining Boards did not meet during our audit period.

Figure 5—Brief Description of Commission's Advisory Boards

Trade Boards: Consist of equal representation from employers and employees. Each Trade Board meets at least annually and makes recommendations to the Commission with respect to establishing entrance requirements for apprentices, setting guidelines for the evaluation of trade experience, and determining if a workplace provides sufficient overall exposure for apprenticeship training.

Curriculum and Examination Development Boards: Consist of both employer and employee representatives and a Commission representative, and meet as required. These boards develop training curricula and certification examinations for a specific trade. They participate in the development and validation of inter-provincial journeyperson examinations for their trade or sector. Training providers and employers participate in the review of training materials through these Boards.

Trade Examining Boards: Consist of employers and employees and a Commission representative and meet when specific issues arise. For example, these Boards may evaluate the trade time (work experience) for individuals applying for examination or progressing through an apprenticeship program, determine the eligibility of a candidate to challenge a journeyperson examination, and determine when an apprentice can advance to the next apprenticeship level. Trade Examination Boards also evaluate new employers to determine if they provide sufficient trade work to employ an apprentice.

Source: Adapted from materials provided by the Saskatchewan Apprenticeship and Trade Certification Commission

[14] Saskatchewan Apprenticeship and Trade Certification Commission; *Carpenter: A Guide to Course Content*. www.saskapprenticeship.ca/wp-content/uploads/2012/05/A-Guide-to-Course-Content11.pdf (28 March 2014).

5.1.5 Requirements are Communicated

The Commission uses a variety of methods to communicate program requirements to apprentices, training providers, and employers. It makes key information available on its apprenticeship website (e.g., course guides, on-the-job training guides, and interprovincial exam guides), provides information sessions for new apprentices, and uses the involvement of training providers and employers on its various boards as ways to keep these groups informed.

5.2 Administer the Apprenticeship and Trade Certification Program

5.2.1 Contracts in Place for Provision of Technical Training

The Commission contracts with training providers such as SIAST, and the Saskatchewan Indian Institute of Technology (SIIT) to provide technical training to apprentices. For the electrician, carpentry, and plumbing trades, in 2013, only SIAST provided training.

The Commission has two types of agreements with training providers:

- **Training Protocol Agreement** – A Memorandum of Understanding with training providers. It outlines responsibilities of both parties including the Commission's expectations of the training providers.

- **Training Purchase Agreement** – A contract between the Commission and the training provider. It outlines the training that will be provided in the current year (i.e., courses, number of classes) and the fees for the services provided.

5.2.2 Apprentices' Competency Assessments Need Improvement

The Commission assesses each apprentice's competencies through the verification of skills development including trade time worked, completion of technical training, and formal examinations.

It verifies skills development training or trade time worked using forms signed by both apprentices and employers. These forms document the number of hours of on-the-job training and the scope of the work performed. Either the apprentice or their employer may submit these forms to the Commission. Although the Commission expects apprentices to report trade hours regularly (i.e., every six months), it has not formally documented this requirement for apprentices to follow.

Nine of the 32 apprentice files we examined (28%) did not include submission of hours on a regular basis. If trade time hours are not reported on a regular basis, apprentices may not be scheduled for the next level of training, or the Commission may not be aware of apprentices who have dropped out of the program.

3. **We recommend that the Saskatchewan Apprenticeship and Trade Certification Commission formally require regular reporting of apprentices' on-the-job trade hours.**

The Commission relies on training providers (i.e., SIAST) to assess technical training (i.e., in the classroom) competencies of apprentices. The training provided includes theory and practical application. Training providers administer and mark level examinations at the end of each technical classroom session and submit each apprentice's results to the Commission. The Commission issues transcripts to each apprentice based on these results. We found the Commission issued transcripts in a timely manner.

The Commission administers Red Seal examinations at the end of an apprenticeship program. These examinations assess whether an apprentice has the competencies to achieve certification as a Red Seal journeyperson in their specific trade. We found the Commission verified that apprentices met all requirements before it administered a Red Seal examination. This included verifying that apprentices met hour requirements, achieved classroom training requirements, and paid all required fees.

The Commission uses various methods to assist apprentices experiencing difficulties in the program. In the event that an apprentice is not successful in completing a level, a field consultant (i.e., Commission employee) and the apprentice will develop a training plan. The Commission may consider conducting an educational assessment if an apprentice is struggling and shows signs of a learning disability. The Commission may then provide special accommodations to help the apprentice with the identified learning disability.

5.2.3 Work Site Inspections Need Clarification

The Commission conducts three types of work site inspections – scheduled industry inspections, random construction site inspections, and issue-driven (including complaints) inspections (i.e., "green sheet inspections"). **Figure 6** provides a brief description of each type of inspection.

Figure 6—Brief Description of Types of Work Site Inspections

Scheduled Industry Inspections: Site visits at an employer's main office/shop used to promote the program to employers in the industry. There are different criteria for these inspections based on whether the trade is compulsory.[15] For compulsory trades (e.g., electrician and plumbing), the Commission's field consultant verifies that apprentices are indentured[16] and that an up-to-date Employer Data Form is completed. For non-compulsory trades (e.g., carpentry), an Employer Data Form may be completed. For both compulsory and non-compulsory trades, field consultants verify that the ratio of journeypersons to apprentices complies with *The Apprenticeship and Trade Certification Regulations, 2003*.[17]
Construction Site Inspections: Random inspections conducted at construction sites across the province. The Commission's field consultant verifies that all apprentices present are indentured, have a valid year card,[18] and that the required journeyperson to apprentice ratio is being followed.

[15] A compulsory trade means that an individual must be registered in the Apprenticeship Program or have a journeyperson certificate to work in the trade in Saskatchewan. This includes electrician and plumbing; carpentry is not a compulsory trade.
[16] Registered in the Apprenticeship Program.
[17] Per Section 33 of the regulations, the ratio for electricians, carpenters, and plumbers is two apprentices to one journeyperson.
[18] An identification card given to each indentured apprentice identifying him or her as an apprentice and denoting the apprenticeship year in which he or she is registered.

Issue-Driven (i.e., "Green Sheet") Inspections: Inspections prompted by either a complaint (e.g., an incorrect apprentice-to-journeyperson ratio) or if an apprentice has failed a level of training or a certification examination. For complaints, the Commission's field consultant verifies the accuracy of the complaint and follows up to resolve the issue. For apprentice problems, the Commission's field consultant meets with the apprentice and employer to identify how to best support the apprentice to successfully complete the level of training/pass the certification examination.

Source: Adapted from materials provided by the Saskatchewan Apprenticeship and Trade Certification Commission

During 2013, the Commission had 16 field consultants. The Commission requires each field consultant to inspect an average of 18 employers per month, or 216 employers annually, using scheduled industry inspections. When conducting a scheduled industry inspection on an employer in a compulsory trade, field consultants are to complete an Employer Data Form.

The Commission also expects each field consultant to conduct 20 random construction site inspections each year, and to carry out issue-driven inspections within 30 days of the receipt of a complaint. These timelines are set out in the Commission's field consultant performance expectations.

Between July 1, 2012 and June 30, 2013, the Commission completed over 3,800 scheduled industry inspections. In its 2012-2013 Annual Report, the Commission reported that 2,750 employers had registered apprentices.[19] As explained below, we found that some employers were inspected more than once per year, while other employers were not inspected during the year.

We found that 14 out of 27 (52%) employers had not received a scheduled industry inspection in 2013. For 7 of these 14 employers, their last scheduled industry inspection occurred in 2012 or earlier. The Commission has not documented how often it expects its field consultants to conduct a scheduled industry inspection on an employer. The Commission does not have a formal process to track which employers are inspected and how often. Each field consultant keeps manual records. The Commission does not compile information from field consultants on scheduled industry inspections.

The other 7 of the 14 employers are considered to be home-based businesses. Home-based businesses are businesses where an employer's official office is in their home. We were advised that field consultants may attempt to visit or have telephone conversations with home-based business owners; however, this contact is not documented. The Commission indicated that these businesses are smaller and tend to have better supervision with fewer employees so the risk of an apprentice receiving inadequate training is low. However, the Commission had not documented or approved a risk assessment to assist it in directing employer inspections.

4. We recommend that the Saskatchewan Apprenticeship and Trade Certification Commission implement a formal policy for industry inspections that requires the use of a risk assessment to decide which employers to inspect and how often.

[19] Saskatchewan Apprenticeship and Trade Certification Commission, *2012-13 Annual Report*, p. 9.

5. **We recommend that the Saskatchewan Apprenticeship and Trade Certification Commission verify and document that employers receive an industry inspection as required.**

The Commission lacks a formal process to track and ensure employers comply with *The Apprenticeship and Trade Certification Act, 1999* (Act), and *The Apprenticeship and Trade Certification Regulations, 2003* (Regulations). For employers in compulsory trades (e.g., electrician and plumbing), the Act requires apprentices to be registered in the apprenticeship program to work in that trade. All employers are required to comply with the applicable apprentice-to-journeyperson ratio, as set out in the Regulations.

When field consultants conduct scheduled industry inspections at employers in a compulsory trade, they are to complete an Employer Data form and verify the appropriate apprentice-to-journeyperson ratio. Employer Data Forms are used to document that only registered apprentices are working for these companies. For 19 employers we reviewed in the compulsory trades (i.e., electrician and plumbing), only five inspections had adequate documentation to verify that the required Employer Data Form was completed in the past year, that the apprentices working in the trade were registered, and that the apprentice-to-journeyperson ratio was verified. For eight employers we reviewed in non-compulsory trades (i.e., carpentry), only two inspections had evidence that the apprentice-to-journeyperson ratio was verified. The Commission needs a formal process to ensure field consultants verify employers comply with the Act and Regulations.

6. **We recommend that the Saskatchewan Apprenticeship and Trade Certification Commission develop a formal process to ensure employers comply with *The Apprenticeship and Trade Certification Act, 1999* and *The Apprenticeship and Trade Certification Regulations, 2003*.**

For construction site inspections, we found that all four field consultants that we examined met their required quota of at least 20 random inspections per year.

The Commission expects its field consultants to carry out issue-driven inspections within 30 days of receiving a complaint. In certain circumstances, field consultants can request a 30-day extension in order to complete their assigned issue-driven inspections. Eight out of 30 (27%) issue-driven inspections we examined were not completed within the 30-day timeline. Six of those inspections were resolved within 60 days of the receipt of the complaint, even though a request for an extension had not been made. Timely resolution of a complaint is important because the reasons for the complaint may impact the overall success of apprentices.

7. **We recommend that the Saskatchewan Apprenticeship and Trade Certification Commission follow its policy regarding timely completion of issue-driven inspections.**

5.2.4 Work Site Inspection Documentation Not Complete

The Commission expects its field consultants to document the results of completed work site inspections (see **Figure 6** for details on types of inspections).

As noted in **Section 5.2.3**, the Commission should implement a formal policy regarding scheduled industry inspections. For scheduled industry inspections for compulsory trades (i.e., electrician and plumbing), we found that the documentation for these inspections was incomplete as there was no Employer Data Form completed.

For construction site inspections we examined from four field consultants, we found that field consultants documented the results of their inspections. This included verifying journeyperson certificates, apprentice year cards, and the appropriateness of the apprentice-to-journeyperson ratio.

For issue-driven inspections we examined, we found that field consultants documented the reason for the inspection, as well as how the complaint was resolved. However, as discussed in **Section 5.2.3**, the Commission is not completing these inspections within its 30-day requirement.

5.2.5 Maintain Records of Apprentices' Progress

Upon employment, the Commission expects apprentices to sign a contract of apprenticeship with their employer and submit it to the Commission. Apprentices attend a specified number of technical training sessions (i.e., in the classroom) and obtain the required on-the-job trade hours in each apprenticeship level in order to move to the next level within the program. As discussed in **Section 5.2.2**, the training provider submits the marks for apprentice training courses to the Commission and the apprentice or the employer submits the trade hours to the Commission.

Nine of 32 (28%) apprentice files we examined did not include submission of trade hours within the past year and, as a result, not all apprentice files were kept up to date. The Commission advised us that submission of apprentice trade hours should occur every six months. As indicated in **Section 5.2.2,** the Commission needs to clearly document and communicate trade hour submission timelines. We did not find any instances where an apprentice wrote an examination without the sufficient technical and on-the-job training.

When apprentices have successfully completed all of their technical training and have the required number of trade hours, they can apply to take the Red Seal examination. We found that these applications and the analysis of requirements needed to write examinations were appropriate.

5.3 Monitor Outcomes of the Program

5.3.1 Key Success Factors of the Program Assessed

As discussed in **Section 5.1.2**, the Commission has developed a five-year strategic plan that identifies its long-term direction, priorities, and key strategies. The 2012-2013

business plan did contain specific performance targets such as having a higher percentage of apprentices pass the Red Seal examination than the national average, and increasing the number of employers participating in the program. The results and outcomes of the performance measures and targets included in the 2012-2013 business plan were reported in the 2012-2013 annual report. However, the 2013-2014 business plan does not include targets that are specific, measurable, relevant, and reasonable for all performance measures.

5.3.2 Delivery of Technical Training Assessed

Instead of a formal process to assess the delivery of technical training by its training providers, the Commission uses the following methods to monitor whether electrician, carpentry, and plumbing apprentices receive the required technical training to become Red Seal certified:

- The Commission monitors the pass rates for Saskatchewan apprentices completing Red Seal examinations as compared to the national average. In 2012-13, Saskatchewan-trained apprentices had a 75% pass rate, compared to the national average of 68%.[20]

- The Commission reviews the comments received from apprentices in post-training surveys voluntarily completed at the end of each level of technical training. The Commission advised us that it compiles the results of these surveys periodically during the year. Management reviews the results for any potential issues and if necessary, operational or policy changes are made.

- The Commission conducts an apprenticeship program-wide survey of a cross section of apprentices and employers. The survey measures the level of satisfaction in three areas: apprentices, regarding on-the-job training; employers, regarding apprentices' competency; and, apprentices and employers regarding services provided by the Commission. The Commission's survey for 2013 reports that over 90% of apprentices were satisfied with their on-the-job training and over 90% of employers were satisfied with apprentice quality and training.[21] The majority of apprentices and employers rated their satisfaction with the services provided by the Commission as average or above average/exceptional, with 40% or more of respondents rating the Commission's services as above average/exceptional.[22]

- The Commission considers the advice and recommendations received from the Commission's Trade Boards and the Curriculum and Examination Development Boards on revisions to the apprenticeship program.

5.3.3 Complaints Investigated

The Commission uses a documented process to address concerns that apprentices may have with the apprenticeship program. The Commission first directs concerns related to the delivery of technical training or instructors to the applicable training

[20] Ibid., p. 12.
[21] Saskatchewan Apprenticeship and Trade Certification Commission Apprentice & Employer Satisfaction Survey Report, taken from: www.saskapprenticeship.ca/wp-content/uploads/2013/07/2013-SATCC-Satisfaction-Survey-Report-Summary-April-24-2013Final.pdf, p. 4, 5. (26 March 2014).
[22] Ibid., p. 5, 6. (26 March 2014).

provider for resolution. If an apprentice wishes to appeal an examination result, the Commission will review the apprentice's examination to ensure grading was accurate. The Commission advised us that it received 32 appeals in 2013, and that these appeals were typically responded to within one month. For the 10 appeals that we reviewed, we found that they were appropriately handled within the expected timeframe.

As discussed in **Figure 6**, the Commission conducts issue-driven inspections to investigate complaints such as an incorrect apprentice-to-journeyperson ratio, or if an apprentice has failed a level of training or a certification examination. The Commission conducted 586 issue-driven inspections in 2013. We reviewed 30 of these inspections and found that about half related to concerns with apprentice-to-journeyperson ratios. The majority of the remaining inspections related to apprentices that needed additional training after failing a level of training. All of the inspections reviewed had evidence of follow up and documentation of resolutions. However, as discussed in **Section 5.2.3**, the Commission is not completing these inspections within its 30-day requirement.

5.3.4 Processes in Place to Analyze and Adjust Program

As discussed in **Section 5.1.4**, the Commission has established Trade Boards, Curriculum and Examination Development Boards, and Trade Examining Boards to conduct annual reviews of aspects of the apprenticeship and certification program.

We found that the Commission's Trade Boards for carpentry, electrician, and plumbing trades met at least once during the year, and discussed various issues facing their trades and training providers. They also discussed programs that provide trade experience, and reviewed the scope of a proposed new trade program.

We found that the Curriculum and Examination Development Boards for carpentry and plumbing met during the year and discussed changes for one of the level examinations, and reviewed a new draft of a National Occupational Analysis to provide comment back to Red Seal. The Trade Examining Boards did not meet during our audit period.

The Commission, through its membership on CCDA, participates in regular reviews of the interprovincial standards of qualifications for Red Seal trades (i.e., National Occupational Analysis). These standards outline the skills and competencies expected of a newly certified journeyperson. The Commission incorporates any changes in these national requirements into the training requirements in Saskatchewan.

5.3.5 Communicate Results Regularly

The Commission publishes its strategic and business plans along with the annual report on its website. As discussed in **Section 5.1.2**, the Commission updated its strategic plan late in 2012 and there are opportunities to improve performance measures.

Although the Commission has a strategic plan and performance measures, there is no regular, formal reporting on these measures to the board throughout the year (e.g., quarterly). Timely interim reporting would give the board information about the progress towards achieving priorities and key strategies related to its apprenticeship and certification program. Without regular, formal interim reporting, the Commission's Board

may not have sufficient information and time to identify if and where adjustments are required to achieve its performance targets.

8. **We recommend the Board of Saskatchewan Apprenticeship and Trade Certification Commission require regular, formal interim reports from management on progress towards achieving performance targets that support the apprenticeship and trade certification program.**

6.0 Selected References

Auditor General of Alberta. (2006). *Annual Report of the Auditor General of Alberta 2005-2006, Vol. 2*. Edmonton: Author.

Auditor General of British Columbia. (2008). *A Major Renovation: Trades Training in British Columbia*. Victoria: Author.

Auditor General of Ontario. (2010). *2010 Annual Report of the Office of the Auditor General of Ontario*. Toronto: Author.

Comptroller and Auditor General. (2012). *Adult Apprenticeships*. London: National Audit Office.

National Audit Office. (2007). *Australian Apprenticeships: Department of Education, Science and Training*. Canberra: Australian National Audit Office.

Provincial Auditor of Ontario. (2004). *2004 Annual Report of the Office of the Provincial Auditor of Ontario*. Toronto: Author.

Chapter 12
Saskatchewan Immigrant Investor Fund Inc.—Meeting "HeadStart on a Home" Program Objectives

1.0 Main Points

The Saskatchewan Immigrant Investor Fund Inc. (SIIF) receives funding from the federal Immigrant Investor Program. SIIF uses this funding to operate a financing program called the "HeadStart on a Home" program (HeadStart). HeadStart provides loans to homebuilders and developers to construct entry-level housing in Saskatchewan.

For the year ended December 31, 2013, SIIF had effective processes to operate HeadStart to meet program objectives except that it needs to clearly define its performance measures and document its methods of calculating these measures.

2.0 Introduction

SIIF is a wholly-owned subsidiary of Crown Investments Corporation of Saskatchewan (CIC).[1] SIIF was established to operate HeadStart in accordance with agreements it has made with the Government of Canada under the federal *Immigration and Refugee Protection Regulations*. CIC appoints SIIF's Board members who are responsible for managing SIIF.

This chapter describes the results of our audit of SIIF's processes to effectively operate the "HeadStart on a Home" program to meet program objectives.

3.0 Background – "HeadStart on a Home" Program

Since 2010, Saskatchewan has participated in the federal Immigrant Investor Program (IIP). **Figure 1** provides a brief description of the IIP.

Figure 1—Description of Federal Immigrant Investor Program

In 1986, the federal Minister of Citizenship and Immigration established the Immigrant Investor Program (IIP) under the *Immigration and Refugee Protection Act* (Canada) and regulations, and revised the program in 1999. Since 1999, IIP has raised almost $4 billion in capital from more than 9,500 business immigrants. In 2012, Canada expected between 5,500 and 6,500 business immigrants (including dependants) to immigrate to Canada under IIP.

Through IIP, Canada aims to attract immigrants who are experienced business people to contribute to Canada's growth and long-term prosperity by making a sizable investment in the Canadian economy. Business immigrants seeking permanent residence must:

- Show the federal government that they have business experience
- Have a minimum net worth of $1,600,000 that was obtained legally
- Make an $800,000 investment

Citizenship and Immigration Canada administers the IIP. Citizenship and Immigration Canada allocates the investment capital raised through IIP to participating provinces and territories for a five-year term. Provinces

[1] Cabinet established SIIF on October 6, 2010 through Order in Council 590/2010 issued under *The Crown Corporations Act, 1993*.

and territories can participate by setting up a federally-approved fund. Citizenship and Immigration Canada must approve each of these funds in accordance with the federal *Immigration and Refugee Protection Regulations*. These federally-approved funds must use the investment capital to create employment in Canada to foster the development of a strong and viable economy.

At the end of five years from the province's receipt of the annual allocation, participating provinces and territories must repay the principal (i.e., initial investment capital). Participating provinces and territories guarantee the investments held in their federally-approved funds.

Source: www.cic.gc.ca/english/department/media/backgrounders/2012/2012-07-31a.asp; www.cic.gc.ca/english/immigrate/business/investors/index.asp (2 April 2014)

Since 2010, SIIF has been Saskatchewan's federally-approved fund under IIP. It receives Saskatchewan's annual share (provincial allocation) of IIP. By December 31, 2013, provincial allocations were about $176 million. As shown in **Figure 2**, SIIF must begin to repay provincial allocations in 2015. If SIIF is unable to repay these amounts, the Government of Saskatchewan has guaranteed that it will repay all of SIIF's IIP funding through the General Revenue Fund.[2]

Figure 2—Expected Repayments by SIIF of IIP Provincial Allocations at December 31, 2013 by Year

Year of Repayment	Amount of IIP Provincial Allocation to be Repaid (in millions)
2015	$7.0
2016	52.0
2017	43.5
2018	74.0
Total	**$176.5**

Source: SIIF audited financial statements for the year ended December 31, 2013 and SIIF accounting records

Under the agreement with the federal government, SIIF must use immigrants' funds to create employment. The Government of Saskatchewan decided to create employment by financing residential construction through construction loans to builders and developers. It called this financing program "HeadStart". SIIF uses the IIP provincial allocation to fund HeadStart. In August 2011, the Government launched HeadStart as part of its overall Housing Strategy. HeadStart's objectives[3] are to:

- Stimulate the construction of a minimum of 1,500 entry-level homes[4] by December 31, 2016 to encourage renters in Saskatchewan communities to buy, thereby freeing up rental housing stock[5]
- Create or continue employment to foster the development of a strong and viable economy
- Prudently manage cash flows to ensure the timely repayment of IIP funds

Under HeadStart, builders and developers receive residential construction loans for entry-level housing covering up to 90% of their construction cost (including land costs).

[2] Cabinet approved this guarantee through Order in Council 193/2011 issued under *The Financial Administration Act, 1993*.
[3] HeadStart objectives are set out in an agreement between SIIF and Westcap Mgt. Ltd. for the administration of HeadStart.
[4] Entry-level homes are those valued in the range of $180,000 to $300,000 depending upon the municipality in which the home is located (target prices must be below multiple listing service average for the related municipality). Entry-level homes are to be built, while not decreasing rental supply (i.e., no conversion of apartments to condominiums). The homeowner will be subject to provisions to deter "flipping." The original target was to construct a minimum of 1,000 homes, which was updated to 1,500 in October 2013.
[5] www.socialservices.gov.sk.ca/Headstart-factsheet.pdf (14 November 2013).

SIIF provides these loans at a 4% interest rate, which may be adjusted over time based on market conditions.[6]

The need for entry-level housing is evidenced through statistics on overall apartment vacancy rates and increases in rental rates, as reflected in rental surveys of Canada Mortgage and Housing Corporation (CMHC). In October 2013, Saskatchewan's overall apartment vacancy rate in urban centres was 3%, with an average monthly rent of $917 (up from 2.2% with a monthly rent of $880 in October 2012). These vacancy rates ranged from 1.5% with a monthly rent of $806 (Weyburn) to 10.3% with a monthly rent of $825 (Prince Albert).[7] Regina and Saskatoon are in the middle with apartment vacancy rates of 1.8% and 2.7%, respectively. HeadStart is intended to help address this need for entry-level housing.

Citizenship and Immigration Canada notes:

> *Given the need to repay the principal to investors at the end of five years, many PTs [provinces/territories] take a low-risk approach that sees most capital in no/low risk investments, such as bonds and cash deposits, with only a portion actively invested in higher value-added areas of the economy such as infrastructure investments, loans to small and medium-sized businesses, and venture capital.*[8]

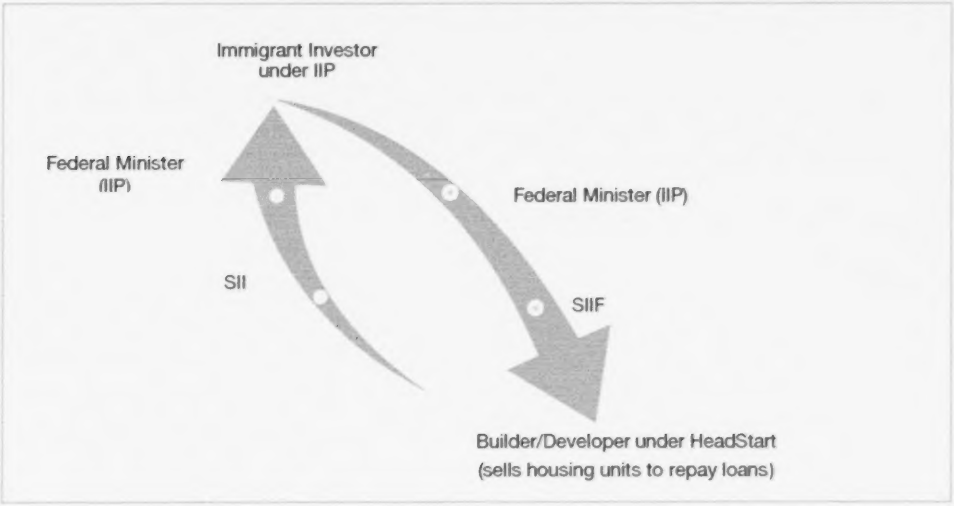
Saskatchewan has opted for a higher-risk option through its decision to use the funds to finance residential construction loans under HeadStart.

As **Figure 3** shows, SIIF:

- Receives provincial allocations from the federal government under IIP based on immigrant investor funds received by the federal government (less federal commissions)
- Loans these funds to approved builders and developers under HeadStart to finance building of entry-level homes (construction loans)
- Receives repayments of the construction loans from the approved builders and developers
- Pays the federal Minister responsible for IIP the full amount of annual provincial allocation within five years of its receipt (for example, provincial allocations received in 2010 would be repaid in 2015)

[6] www.headstartonahome.ca/index (14 November 2013).
[7] *CMHC Rental Market Report – Saskatchewan Highlights – Fall 2013*.
[8] www.cic.gc.ca/english/department/media/backgrounders/2012/2012-07-31a.asp (6 August 2013).

Figure 3—Flow of Immigrant Investor Funds Administered by SIIF



From the inception of HeadStart in 2011 to December 31, 2013, SIIF had disbursed $116.3 million in construction loans, of which builders and developers have repaid $72.5 million.[9] By January 31, 2014, SIIF had approved construction loans for 23 builders and developers totalling $225.9 million for 36 projects, containing 1,339 housing units in 13 different locations (see **Figure 4** for details). At January 31, 2014, 14 of the 36 approved projects were completely built. Two of the 14 projects were awaiting sale. For 12 of the 14 projects, the related builder/developer had sold the units built and fully repaid the related construction loans.

Figure 4—HeadStart on a Home Project Statistics by Location at January 31, 2014

Location	Number of Approved Projects	Number of Approved Units	Number of Completed Units	Number of Units Sold
Saskatoon	15	823	410	539
Regina	5	288	33	148
Yorkton	4	29	19	18
Moose Jaw	2	27	15	8
Warman	2	9	9	5
Maidstone	1	4	-	-
North Battleford	1	21	21	15
Pilot Butte	1	9	-	1
Prince Albert	1	63	-	-
Meadow Lake	1	11	-	-
Swift Current	1	16	16	7
Watrous	1	24	6	-
Weyburn	1	15	-	4
Total	**36**	**1,339**	**529**	**745**

Source: *HeadStart on a Home January 31, 2014 Dashboard Report*

[9] SIIF audited financial statements for the year ended December 31, 2013.

HeadStart is designed with the expectation that builders and developers will repay the construction loans by selling the entry-level homes built with the loan proceeds. The sale of these new homes depends on the ability and willingness of individuals to secure mortgages. This, in turn, is contingent upon a number of economic factors, such as employment and mortgage interest rates. Higher interest rates for mortgages may result in fewer individuals being able to afford mortgages, thus decreasing the sale prices of entry-level homes built under this program. As such, SIIF must balance the need for financing entry-level housing with the risk of builders and developers defaulting on construction loans. It must take appropriate steps to mitigate the risk that builders and developers may default on loans payable to SIIF while working to achieve HeadStart's objectives.

Furthermore, SIIF must match cash flows from repayment of construction loans with the IIP amounts it owes to the federal government. This matching is critical to avoid SIIF defaulting on its IIP obligation to the federal government and triggering the need for Saskatchewan taxpayers (by virtue of the General Revenue Fund's guarantee) to repay any shortfall.

4.0 Audit Objective, Scope, Criteria, and Conclusion

The objective of this audit was to assess whether the Saskatchewan Immigrant Investor Fund Inc. (SIIF) had processes to effectively operate the "HeadStart on a Home" program to meet program objectives for the year ended December 31, 2013.

We examined SIIF's processes for establishing program objectives, monitoring its performance in meeting those objectives, and making changes where required. We also assessed the adequacy of SIIF's operational policies and procedures for HeadStart, including policies for approving and monitoring loans. We tested a sample of projects to determine whether SIIF's processes were operating as intended.

Because SIIF engaged Westcap Mgt. Ltd. (Westcap) on July 15, 2011 to administer HeadStart,[10] we assessed the sufficiency of its agreement with Westcap and its monitoring of Westcap's performance. We did not assess the request for proposal process SIIF used to select Westcap to administer this program.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SIIF's processes, we used criteria based on related work and reviews of literature including reports of other auditors. SIIF agreed with the criteria (see **Figure 5**).

Figure 5—Audit Criteria

To effectively operate the HeadStart on a Home Program to meet program objectives, SIIF should:

1. **Establish program objectives and targeted outcomes**
   - 1.1 Align program objectives with requirements of key stakeholders
   - 1.2 Assess risks to achievement of objectives
   - 1.3 Determine key strategies to achieve objectives
   - 1.4 Establish performance measures
   - 1.5 Set realistic and achievable targets

[10] SIIF pays Westcap management fees to administer HeadStart. SIIF's 2013 audited financial statements report management fees of $922,000 (2012 - $759,000). SIIF plans to recover these fees and other administrative costs through the interest earned on construction loans.

2. **Monitor program operation**
   - 2.1 Establish policies and procedures for operation of the program consistent with program objectives
   - 2.2 Assign qualified staff to oversee program operation
   - 2.3 Mitigate risks to achievement of objectives
3. **Periodically evaluate program effectiveness**
   - 3.1 Establish processes to evaluate program effectiveness
   - 3.2 Track key information for performance measures
   - 3.3 Analyze and conclude on program effectiveness
4. **Implement lessons learned**
   - 4.1 Create action plan
   - 4.2 Identify responsible person and timeframe for implementation
   - 4.3 Take action

We concluded that, for the year ended December 31, 2013, Saskatchewan Immigrant Investor Fund Inc. had effective processes to operate the "HeadStart on a Home" program to meet program objectives except that it needs to clearly define its performance measures and document its methods for calculating these measures.

5.0 Key Findings and Recommendations

In this section, we set out the criteria (expectations) in italics and our key findings along with the related recommendations.

5.1 Program Objectives, Strategies, and Targets Established

We expected that in designing the HeadStart program, SIIF would obtain an understanding of key stakeholders' needs and consider those needs when setting the program's objectives. We expected that SIIF would identify, assess, and prioritize potential risks it may face in achieving the program's objectives. We expected that SIIF would determine strategies to achieve those objectives and establish processes to measure its progress towards achieving those objectives.

SIIF used a service provider to obtain stakeholder views and propose a design for the HeadStart program. Views of numerous stakeholders including municipalities, home builders and developers, financial institutions, and other government organizations (e.g., Saskatchewan Housing Corporation) were obtained and considered in developing the objectives for HeadStart. The objectives for HeadStart were also aligned with the Saskatchewan Housing Strategy (Strategy).[11] For example, HeadStart's objective to create 1,500 entry-level housing units is consistent with the Strategy's goal to develop new housing that is attainable for first-time home owners.

When SIIF engaged Westcap to administer the HeadStart program on its behalf, it included the HeadStart program objectives in its agreement with Westcap.

Although SIIF did not have a formal risk mitigation plan, it established operational policies and procedures designed to mitigate key risks to the program. For example, SIIF's agreement with Westcap included specific investment policies and due diligence

[11] http://socialservices.gov.sk.ca/housing (21 March 2014).

guidelines for Westcap to follow (further described in **Section 5.2**). These policies help to mitigate the risk of loan defaults by individual builders and developers. In our testing of projects, we found Westcap regularly considered and documented risks at the individual project level in conjunction with its approval of individual construction loans.

SIIF used a balanced scorecard[12] framework to monitor its performance in achieving HeadStart's objectives. It required Westcap to prepare and collect key planning and performance information.

Each year, SIIF's Board approves the annual operational plan that Westcap prepares. The annual operational plans include the strategies and specific actions Westcap plans to use to meet HeadStart objectives (set out in **Section 3.0**). It also includes performance measures and targets. For example, the 2013 operational plan included:

- The following strategies:
  - Engage municipalities, builders, developers, industry associations (such as CMHC), and financial institutions (such as credit unions)
  - Manage relationships with other stakeholder government organizations
  - Continue to build awareness of the HeadStart program along with other programs that help first-time homebuyers achieve ownership of their home
- The following specific action: promoting HeadStart to builders and developers by conducting HeadStart forums.
- The following performance measures: dollars repaid to the HeadStart program, number of entry-level housing units constructed, employment impact of projects (jobs), number of housing units sold to buyers, etc.

We found the identified performance measures and targets provide SIIF with sufficient information to monitor its progress in achieving HeadStart's objectives. However, see **Section 5.3** for improvements needed in defining performance measures and documenting methods for calculating these measures.

5.2 Operation of HeadStart Effectively Monitored

Because SIIF engaged Westcap to administer HeadStart, we expected it to enter into a management agreement with Westcap and establish processes for monitoring Westcap's performance under the agreement. We expected Westcap to establish written policies and procedures for the day-to-day operation of HeadStart consistent with the program objectives. We expected that Westcap would assign qualified staff to oversee the operation of HeadStart. Also, we expected that SIIF and Westcap would have processes for mitigating key risks.

In July 2011, SIIF entered into an agreement with Westcap for the administration of HeadStart. The agreement clearly sets out the responsibilities of each party to support the achievement of the program objectives and the requirements of both parties.

[12] A balanced scorecard is a planning and monitoring tool used by management to communicate its performance objectives, specific targets, and progress toward achieving performance objectives in a range of areas.

Requirements included investment guidelines and due diligence guidelines that Westcap must follow.

The investment guidelines outlined types of projects eligible under HeadStart and the parameters of the program. For example, the investment guidelines provided the program definition of entry-level housing unit, the program loan interest rate, and the program loan limit of the total project.

The due diligence guidelines described, in detail, procedures Westcap must complete during its evaluation of loan applications.

Westcap established a policy and procedures manual for other key operational requirements not specifically included in the agreement. For example:

- Loan monitoring is completed through engagement of independent consultants who assist with loan and construction site monitoring, as this requires specialist knowledge and expertise

- Loan advances are based on certified progress reports by independent consultants (e.g., an engineer, architect, or qualified appraiser)

- Loan repayments are directed through SIIF's legal counsel, who assist in the necessary paperwork to relinquish partial or final discharge of the loan security

Westcap had appropriate processes for hiring and assigning experienced staff to the HeadStart program, and for monitoring and assessing their performance. It gave the SIIF Board annual written reports on HeadStart's staffing (i.e., key staff involved, estimated hours spent on HeadStart).

We found Westcap completed a significant amount of documentation for each project application. It kept detailed documentation to support its decisions, and used checklists to track completion of key stages in the process for each project. For the sample of HeadStart projects we selected, we found that Westcap followed its established processes and SIIF's investment policy and due diligence guidelines.

Westcap identified project-specific risks by completing a detailed risk analysis of each project. It worked to mitigate project risks through the design of each individual loan agreement. Also, to address HeadStart's objective "to prudently manage cash flows to reduce the risk of SIIF defaulting on its obligation to repay IIP funds", Westcap implemented detailed, long-term cash flow monitoring of expected cash flows up until the estimated windup of the program in 2020. During our audit, we observed evidence of Westcap actively monitoring expected cash flows.

Also, we found SIIF had adequate processes for monitoring Westcap's performance under the agreement. This included requiring attendance of key Westcap personnel at SIIF Board meetings and requiring periodic reports from Westcap for the Board's review. **Section 5.3** provides further details on SIIF's monitoring procedures.

5.3 Program Effectiveness Regularly Evaluated

We expected SIIF to establish processes to periodically (at least annually) evaluate the effectiveness of HeadStart. We expected Westcap to have documented processes for collecting and reporting data to SIIF's Board related to HeadStart's performance measures. We expected that SIIF would receive key information and analysis from Westcap comparing planned and actual performance using established performance measures.

During the audit period, SIIF used the following main methods to monitor the effectiveness of HeadStart as well as Westcap's administration activities:

- Regular SIIF Board meetings:

  - The SIIF Board met approximately once every two months. Westcap senior management and staff responsible for administering HeadStart attended these meetings to provide updates and respond to questions about current operations.

- Review and approval of periodic reports from Westcap:

  - Westcap prepared periodic reports for SIIF's Board review and approval. Periodic reports included the annual operations plan, quarterly status reports, year-end annual reporting, and the results of feedback from home buyers and credit unions. Quarterly and annual reports included an update on approved projects, current loan balances, key information for each project, significant events that occurred in the quarter, and Westcap's certification that it complied with the administration agreement.

    Also, each month Westcap provided SIIF with a "dashboard report". The dashboard report included various HeadStart statistics such as the number of units approved, units constructed, units under construction, units sold, and loan balances outstanding.

    To gather information and feedback from individuals that purchased the housing units, Westcap attended ceremonies where families received the key to their new home and collected the results of surveys that credit unions administered during their mortgage approval process. To obtain feedback from credit unions that provided mortgages to home buyers, it used a steering committee. This committee, consisting of Westcap and credit union senior management, met twice in 2013 to discuss HeadStart.

- Use of a balanced scorecard framework as a main program evaluation tool:

  - Each quarter, Westcap gave SIIF's Board a balanced scorecard report. The balanced scorecard report provided information on the performance of HeadStart using established performance measures (as described in **Section 5.1**) for the current period as well as cumulatively since the beginning of the program. The actual results were compared to annual targets. Reasons for significant differences resulting from this comparison were explicitly documented in the 2013 year-end annual report.

We found that, in 2013, when Westcap changed the timing of its reporting to quarterly instead of annually, it adjusted how it calculated results of one of the performance measures. We also found some measures were not clearly defined. For example, for the performance measure of "the number of municipalities engaged", different interpretations of what constitutes an "engaged" municipality may exist. While SIIF expected Westcap staff to use consistent methods to collect and report data on HeadStart's performance measures, neither SIIF nor Westcap had documented definitions of key performance measures, set out which specific data to collect, or how to use that data (calculation method).

Without clearly defined measures and calculation methods, some of the performance measures may be evaluated inconsistently or subject to varied interpretations.

1. **We recommend that the Saskatchewan Immigrant Investor Fund Inc. clearly define its performance measures and document its methods for calculating these measures.**

5.4 Changes to Program Implemented Effectively

We expected that, as SIIF and Westcap gained experience operating the program, additional opportunities and challenges would arise requiring changes to the program. We expected SIIF to have processes to effectively make changes to the program as required, including creating an action plan, communicating who is responsible, and setting timelines. We expected SIIF to complete action plans.

2013 was the second full fiscal year of operations for HeadStart. During 2013, SIIF's Board approved the following two major changes to HeadStart based on sufficient documented analysis supporting the changes. It also had action plans to implement these changes:

- Revised investment policy guidelines to allow the sale of up to 25% of housing units in each project to owners with the intention that the units would be rental properties. Prior to October 2013, the guidelines required builders and developers to sell units for the sole purpose of units being owner-occupied.

- Increased the number of housing units to construct to 1,500 units from the original program objective of 1,000 housing units. During 2013, SIIF had approved project applications consisting of over 1,000 housing units.

We found that it was clear who was responsible for planned actions to implement the changes, and the changes were implemented as planned. SIIF indicated it is working on amending its management agreement with Westcap for the program changes made in 2013.

6.0 Selected References

Australia National Audit Office. (2010). *Planning and Approving Projects – an Executive Perspective Setting the Foundation for Results Better Practice Guide June 2010.* Canberra: Author.

Office of the Provincial Auditor of Saskatchewan. (2013). *Nominating Qualified Immigrant Applications. 2013 Report – Volume 1 Provincial Auditor Saskatchewan.* Regina: Author. http://auditor.sk.ca/pub/publications/public_reports/2013/Volume_1/2013v1_12_NominatingQualified.pdf (21 March 2014).

Chapter 13
Sunrise Regional Health Authority—Infection Prevention and Control in Long-Term Care Facilities

1.0 Main Points

The Regional Health Services Act makes each Regional Health Authority (RHA) responsible for the operation of long-term care facilities and the services provided in those facilities. Their responsibilities include preventing and controlling the spread of infections in all of their facilities. If systems are not in place to effectively prevent and control infections in long-term care facilities, residents, staff, and visitors could be exposed to a higher risk of infection, which leads to poor health and increased healthcare costs. RHAs must have effective infection prevention and control processes to reduce the incidence of infections, improve healthcare quality, and make the best use of available resources.

This chapter reports that Sunrise Regional Health Authority (Sunrise) had effective processes to prevent and control infections in its long-term care facilities other than it needs to:

- Expand its infection prevention and control plan to include goals, actions, and targets related to long-term care facilities, and have the plan approved
- Use consistent practices related to communication, hand hygiene, cleaning, and laundry in all long-term care facilities
- Develop a training plan to give formal updates on infection prevention and control practices for long-term care facility staff
- Develop a system to collect, analyze, and routinely report infection rates and trends in long-term care facilities on key types of infections that affect residents in long-term care facilities

We encourage other regional health authorities to use the information in this chapter to assess their processes for infection prevention and control in long-term care facilities.

2.0 Introduction

Under *The Regional Health Services Act*, each RHA is responsible for the planning, organization, delivery, and evaluation of health services within their respective health regions. Their responsibilities include preventing and controlling the spread of infections in all of their facilities. The occurrence of, and exposure to, infections pose health and safety risks to residents, staff, and visitors.

Most RHAs operate long-term care facilities. Long-term care facilities (also called "special-care homes" or "nursing homes") care for individuals whose needs cannot be appropriately met through home care or community-based services (i.e., they require 24-hour nursing care and supervision in a secure setting). Individuals are admitted to long-term care facilities based on their assessed needs.

The Ministry of Health recognizes that preventing and controlling infections in long-term care facilities is key to reducing and managing health and safety risks to residents, staff, and visitors. The Ministry of Health has established standards for operating long-term care facilities called *Program Guidelines for Special-care Homes*. Effective April 2013, these guidelines include a policy related to developing an Infection Control Program to monitor, reduce and/or control the incidence and spread of infectious organisms.[1]

In 2012-13, Sunrise had a population of 57,678. The average age of its population is significantly older than the provincial average with 21.2% of the population over the age of 65. Provincially, 14.4% of the population is over the age of 65.[2] As a result, the percentage of the population potentially requiring long-term care is higher in Sunrise than elsewhere in the province.

In 2012-13, Sunrise employed approximately 2,900 people and operated 22 healthcare facilities.[3] Fourteen of the 22 facilities provide long-term care. This includes long-term care delivered in facilities owned and operated by Sunrise or by its affiliates (who receive funding from Sunrise to provide these services).

At March 2013, Sunrise had 806 long-term care beds and 36 other beds that include respite and convalescent beds[4] in 14 facilities. **Figure 1** shows the number of beds by facility. Sunrise's long-term care facilities are located in various communities. These facilities have varied proximities to other health facilities and access to other medical services and professionals.

This chapter reports the results of our audit of Sunrise's processes to prevent and control infections in its long-term care facilities.

[1] www.health.gov.sk.ca/adx/aspx/adxGetMedia.aspx?DocID=643ea94d-23bd-4a0a-8531-de690caccbe6 (14 April 2014).
[2] www.sunrisehealthregion.sk.ca/images/Articles/28_2012-13%20Annual%20Report%20-%20FINAL%20optim.pdf (14 April 2014).
[3] Ibid.
[4] Respite care is for individuals who normally live at home but are dependent on family for support. Respite care provides temporary relief to families or other primary care providers. Convalescent care is the provision of a period of additional recuperative time following serious illness or injury, usually following a stay in hospital. www.health.gov.sk.ca/special-care-homes (14 April 2014).

Figure 1—Number of Long-Term Care Beds in the Sunrise Region by Facility

Facility	Long-term care beds	Other Beds	Total
Canora Hospital*	6	2	8
Kamsack Hospital & District Nursing Home	61	2	63
Preeceville & District Health Centre*	38	2	40
Canora Gateway Lodge*	63	1	64
Esterhazy-Centennial Special Care Home	52	1	53
Foam Lake Jubilee Home*	49	2	51
Invermay Health Centre	24	2	26
Ituna Pioneer Health Centre	35	3	38
Langenburg Health Care Complex/Centennial Special Care Home	44	3	47
Norquay Health Centre*	30	2	32
Saltcoats – Lakeside Manor Care Home*	29	1	30
Melville – St. Paul Lutheran Home (affiliate)*	128	1	129
Theodore Health Centre*	18	1	19
Yorkton & District Nursing Home*	229	13	242
Total	**806**	**36**	**842**

Source: Sunrise Health Region *Annual Report 2012-13*
* Indicates the facilities visited by us during the audit period

3.0 Importance of Good Infection Control

Infections are costly to the healthcare system. Infections acquired in healthcare settings can create illness and in some cases, cause death.

Some serious infections are transmitted through contact (e.g., person-to-person touching), and/or droplet (e.g., mucus or other secretions). These include Clostridium difficile (CDI), respiratory illnesses, Methicillin-resistant Staphylococcus aureus (MRSA),[5] and Vancomycin-resistant Enterococci (VRE).[6] According to the 2008 Canadian Patient Safety Institute study of the economic burden of infections in Canadian hospitals, the estimated cost per case is $10,809 for CDI, $14,484 for MRSA infections, and $14,414 for VRE infections. The Institute stated that each infection was 37% preventable.[7]

As highlighted in the 2009 Canadian Nosocomial Infection Surveillance Program national survey of MRSA,[8] the incidence of infections in healthcare facilities has increased over time. The survey was conducted at healthcare facilities, including long-term care

[5] MRSA (Methicillin Resistant Staphylococcus aureus) is a bacteria resistant to common antibiotics and that affects the heart, lungs, bones, joints, and/or bloodstream.
[6] CDI (Clostridium difficile) is a bacterial spore that causes irritation in the bowel leading to severe cramps and diarrhea; VRE (Vancomycin-resistant Enterococcus) is a bacteria resistant to common antibiotics that causes severe urinary tract infections.
[7] www.patientsafetyinstitute.ca/English/research/commissionedResearch/EconomicsofPatientSafety/Documents/Economics%20of%20Patient%20Safety%20-%20Acute%20Care%20-%20Final%20Report.pdf (14 April 2014).
[8] www.phac-aspc.gc.ca/nois-sinp (14 April 2014).

facilities. It reported that from 1995 to 2009, healthcare-associated MRSA rates[9] increased from under one case per 1,000 patient admissions to over six cases per 1,000 patient admissions. Increased infection rates pose a greater risk to the health and safety of residents, staff, and visitors to long-term care facilities. Not only does infection affect the health of residents, there are negative emotional impacts on residents due to isolation.[10]

Infection prevention and control is a factor in healthcare quality. It has been identified as a priority safety issue in long-term care settings.[11] Long-term care residents are particularly vulnerable to infections due to age, complex health issues, and shared living spaces.[12] Residents of long-term care facilities are frequently admitted to hospital for infection-related reasons. Also, long-term care residents who have recently been discharged from a hospital back to a long-term care facility may be carrying infections that were acquired while they were in hospital. These infections could then be transmitted to other residents in the long-term care facility.

While it is not possible to prevent all infections in healthcare facilities, effective prevention and control can reduce the incidence of infections, improve healthcare quality, and make the best use of available resources. Good infection control practices prevent most infections, thus avoiding patients' pain and extra costs to the health system. For example, consistent hand washing and general facility cleaning practices can reduce the rate of infections. Other infections can be prevented with the use of specific prevention protocols (e.g., limited use of urinary catheters). Good governance and accountability are also important.

Lack of effective processes to prevent and control infections in long-term care facilities could result in poor health, loss of human life, and increased healthcare costs.

4.0 Objective, Scope, Criteria, and Conclusion

The objective of this audit was to assess whether Sunrise had effective processes to prevent and control infections in its long-term care facilities for the period of April 1, 2013 to March 31, 2014. Our work did not include assessing prevention and control of infections at Sunrise's acute care facilities.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. We examined Sunrise's policy and procedures manual, reports, and other relevant documents. We also visited various long-term care facilities in Sunrise to observe practices and operations.

We used criteria based on the work of other auditors and past audits on infection prevention and control carried out by our Office. Sunrise's management agreed with the criteria in **Figure 2**.

[9] Healthcare-associated cases include infections or colonization originating from exposure in a healthcare facility including long-term care or clinics in 54 facilities in 10 provinces.
[10] www.phac-aspc.gc.ca/nois-sinp/guide/ps-sp (14 April 2014).
[11] Ibid.
[12] www.patientsafetyinstitute.ca/English/research/commissionedResearch/SafetyinLongTermCareSettings/Documents/Reports (14 April 2014).

Figure 2—Audit Criteria

To have effective processes to prevent and control infections in long-term care facilities, Sunrise Regional Health Authority should:

1. **Plan to manage infections acquired in long-term care facilities**
   - 1.1 Identify legislative and policy requirements
   - 1.2 Set out clear expectations, including accountability, for long-term care facilities in an infection control plan
   - 1.3 Update the infection control plan regularly
   - 1.4 Communicate the infection control plan
2. **Use good practices to prevent, control, and monitor infections**
   - 2.1 Adopt methods to prevent and control infections
   - 2.2 Train staff in safe practices
   - 2.3 Provide resources (e.g., supplies, staff, guidance)
   - 2.4 Monitor infection control processes regularly
3. **Use information systems effectively**
   - 3.1 Use a centralized system to monitor infections
   - 3.2 Control quality of data about infections
   - 3.3 Analyze data to identify emerging risks, trends and areas for action
4. **Report results for continuous improvement**
   - 4.1 Report infection outbreaks promptly
   - 4.2 Report infection rates to management and stakeholders
   - 4.3 Review infection control reporting regularly
   - 4.4 Inform relevant stakeholders about infection risks and trends

We concluded that, for the period of April 1, 2013 to March 31, 2014, Sunrise had effective processes to prevent and control infections in long-term care facilities except it needs to:

- **Expand its infection prevention and control plan to include goals, actions, and targets related to long-term care facilities, and have the plan approved**
- **Use consistent practices related to communication, hand hygiene, cleaning, and laundry in all long-term care facilities**
- **Develop a training plan to give formal updates on infection prevention and control practices for long-term care facility staff**
- **Develop a system to collect, analyze and routinely report infection rates and trends in long-term care facilities on key types of infections that affect residents in long-term care facilities**

5.0 Key Findings and Recommendations

5.1 Infection Control Planning Needs Some Improvement

5.1.1 Legislative and Policy Requirements Identified

To prevent and control infections in its long-term care facilities, Sunrise uses Accreditation Canada's[13] recommended practices for infection control. Sunrise also uses the requirements set out in legislation (*The Regional Health Services Act* and *The Housing and Special-care Regulations*) and the Ministry of Health's *Program Guidelines for Special-care Homes*.

In addition, Sunrise has set policies to address the Ministry of Health's requirements such as reporting of certain infections and accountability for quality of care and patient safety as required by law. It maintains an infection prevention and control policy and procedures manual for staff to follow. For example, the manual includes definitions of an outbreak for specific types of infections, and who should be notified of suspected outbreaks. Also, Sunrise maintains policies to prevent and control infections including hand hygiene methods, infection outbreaks, dress code, and cleaning (e.g., resident room cleaning and specific cleaning methods required for certain infections).

5.1.2 Assignment of Responsibilities for Preventing and Controlling Infections Clear

Sunrise has assigned overall responsibility for infection prevention and control in all of its regional facilities, including long-term care facilities, to Sunrise's Integrated Health Services Division (Division) under the direction of the Vice-President of Integrated Health Services.

The infection prevention and control program area of this Division, led by a Director of Health Services, provides support and direction to management and staff throughout the region on all aspects of infection prevention and control. This includes:

- Developing and providing training
- Monitoring compliance with related requirements and policies
- Reviewing and recommending changes to infection prevention and control policies and procedures
- Reporting required data on infections to the Ministry of Health

[13] Accreditation Canada is an independent non-profit organization that accredits health regions and facilities across Canada. Every four years, peer reviewers evaluate the extent to which regions and facilities are meeting quality standards in a variety of areas. Accreditation Canada evaluates the results of the peer review to determine whether the region or facility will be accredited and makes recommendations for improvement through an accreditation report. Health regions, facilities, and organizations use these reports to create and implement action plans to address the recommendations. www.accreditation.ca (4 April 2014).

- Providing support through resources such as infection prevention and control nurses
- Working with Sunrise's committees that focus on infection prevention and control activities

Sunrise's key committees include the Regional Infection Prevention and Control Quality Improvement Team, and three Local Infection Prevention and Control Committees in the North, South, and Central areas of the region. The Regional Infection Prevention and Control Quality Improvement Team is accountable to the Vice-President of Integrated Health Services. Each of the three local committees are accountable to the Regional Infection Prevention and Control Quality Improvement Team.

The committees have various roles such as coordinating infection prevention and control programs in the region, developing procedures, and maintaining outbreak surveillance and reporting. Committee membership includes medical professionals, long-term care facility management, infection prevention and control nurses, and other operational support services positions (e.g., laundry, housekeeping).

Sunrise has made the Medical Health Officer the official spokesperson for the region to declare outbreaks of infections. Once an outbreak is declared, Sunrise communicates the outbreak to all healthcare facilities and staff.

In its policies, Sunrise assigns some responsibility directly to front-line staff (e.g., the responsibility to identify and report infections).

5.1.3 Infection Prevention and Control Action Plan Not Approved or Complete

In response to recommendations from Accreditation Canada for infection prevention and control, Sunrise developed, and the Board approved, an Infection Prevention and Control Action Plan (plan) for the region as a whole in 2012. The plan is for all types of facilities – both acute care facilities (hospital) and non-hospital settings.

The plan:

- Includes objectives and actions for hand hygiene, education of staff, access to alcohol rub, infection outbreaks, and tracking infection rates
- Identifies targets, timelines and key initiatives
- Assigns responsibility for key initiatives and includes updates on progress toward meeting objectives

In 2013, the plan was revised to include potential future actions for improving infection prevention and control. At March 2014, neither senior management nor the Board had approved the revised plan.

The plan is not sufficiently comprehensive as it does not include all key aspects of infection prevention and control. For example, the plan does not include any goals, actions, or targets related specifically to preventing contamination of linen, equipment, medical devices, and supplies. Also, there is limited information related to long-term

care facilities. The plan could include more goals, actions, and targets related specifically to long-term care facilities. The plan also does not set out formal reporting requirements (e.g., reports to senior management or the Board on progress).

Expanding its plan would help Sunrise direct attention to high-risk areas in long-term care facilities and monitor the results of all infection control processes. The plan should also be approved by senior management and the Board.

1. **We recommend that Sunrise Regional Health Authority expand its infection prevention and control plan to include goals, actions, and targets for long-term care facilities, and have the plan approved by its Board.**

5.1.4 Communication with Staff and Public on Infection Risks and Plans Needs Improvement

Sunrise uses a variety of ways to communicate key aspects of its infection prevention and control plans to its healthcare facilities, staff, and the public. As previously noted, its Medical Health Officer is the region's official spokesperson responsible for declaring infection outbreaks.[14] Sunrise then informs all healthcare facilities and staff.

For long-term care facilities, Sunrise uses regular meetings with management and staff to discuss infection prevention and control activities, priorities, and risks. Its policies and procedures manuals related to infection prevention and control are readily accessible to employees within facilities. For example, these manuals set out the procedures to inform staff of suspected infection outbreaks and provide guidance on what staff must do in the case of an outbreak. Sunrise posts and discusses key information (e.g., results of hand hygiene audits, immunization rates) in its "walls"[15] at each facility. Sunrise also posts information about infection outbreaks in its healthcare facilities on its website.

We found that Sunrise informed managers of its long-term care facilities about infection prevention and control activities, priorities, and risks at their regular meetings. Sunrise also followed its processes to inform staff about infections during daily "wall walks".[16] Sunrise advised us that it expects all staff to attend the daily wall walks. However, it recognizes that staff working evenings or nights as well as other than full-time employees (i.e., casual and part-time staff) may have fewer opportunities to attend wall walks. Therefore, there is a risk that staff may not receive current information on infection prevention and control activities, priorities, and risks. To help reduce this risk, staff relay current information to those coming on shift during shift change.

During our audit period, we observed that Sunrise followed its established policies and procedures to declare suspected infection outbreaks and disseminate information to its facilities, staff, and the public.

[14] Infection outbreaks are defined as two or more confirmed cases of the same infection in one facility at the same time.
[15] "Walls" are a designated spot in a facility where key information, including LEAN initiatives, is posted. The LEAN initiatives are used to improve employee achievements and progress towards expected tasks.
[16] "Wall walks" are part of the LEAN initiative to review and communicate employee achievements and progress towards expected tasks.

To help prevent infection outbreaks, Sunrise requires healthcare facilities to inform staff and the public by way of posters and signage about hand hygiene, infection symptoms, and precautions to take if a resident has an infection. However, we found inconsistent use of posters and signage at the long-term care facilities that we visited. For example, while all long-term care facilities had signage at the front entrance for the public on hand hygiene, only two facilities had signs to inform visitors with flu symptoms to see the nurse or postpone their visit. We also noted that most common areas and public washrooms in the long-term facilities that we visited did not have such signage. Consistent signage and posters has been identified as a proposed initiative for 2014-15 in Sunrise's plan.

Informing staff and the public about the danger of spreading infection is important. Residents of long-term care facilities could become seriously ill when they come into contact with staff and the visiting public who may be carrying even minor infections.

2. **We recommend that Sunrise Regional Health Authority consistently communicate its practices on infection prevention and control in its long-term care facilities to front line staff and the public.**

5.2 Practices to Prevent, Control and Monitor Infections Need Improvement

5.2.1 More Detailed Procedures Needed to Prevent and Control Infections

As noted in **Section 5.1.1**, Sunrise has policies and procedures to prevent and control infections. It makes the policies and procedures available to all staff and keeps them up to date. For some key policies, Sunrise has developed easy-to-use guides. For example, easy-to-use guides demonstrate good hand hygiene methods.

While Sunrise's policies and procedures related to infection prevention and control are set out well, we found gaps in a few key areas. For example, Sunrise does not have a written procedure directing facilities on the location of hand hygiene supplies. We found the availability of alcohol rub in long-term care facilities is inconsistent. In some facilities, we observed alcohol rub outside of every resident room. In others, alcohol rub was placed randomly in hallways. In some cases, the closest alcohol rub station was three rooms away. In facilities with alcohol rub outside every room, staff informed us that they view the readily-accessible availability of alcohol rub stations at every point of care as a best practice.[17]

[17] The Provincial Infectious Diseases Advisory Committee in Ontario identifies that installing alcohol rub at the point-of-care improves adherence to hand hygiene. Point-of-care is the place where health care or treatment involves contact between the resident and healthcare provider. Hand hygiene products available at point-of-care are easily accessible to staff by being as close as possible (i.e., within arm's reach to where contact is taking place). This includes making alcohol rub stations available immediately adjacent to the entrance to each resident's room which also allows visitors and those not providing health care easy access to the alcohol rub. www.publichealthontario.ca/en/eRepository/2010-12%20BP%20Hand%20Hygiene.pdf (4 April 2014).

Hand hygiene is one of the main ways to prevent and control the spread of infections. Not making hand hygiene products readily available at points of care makes it more difficult for staff and visitors to follow good hand hygiene practices. Not following good hand hygiene practices increases the risk of spreading infections.

3. We recommend that Sunrise Regional Health Authority implement a written procedure to require hand hygiene stations to be readily accessible at points of care in its long-term care facilities.

Sunrise has policies outlining expectations for cleaning resident rooms and levels of cleaning. Levels of cleaning ranged from light to thorough.[18]

While Sunrise has various procedures for cleanliness including general cleaning methods and specific methods required for certain infections (e.g., CDI), we found it has not set specific requirements for the frequency of each level of cleaning expected. While it tracked the frequency of cleaning, it did not always track the level of cleaning carried out.

We found inconsistent practices on the thoroughness of room cleaning. During our audit, we reviewed cleaning logs in the long-term care facilities we visited. For example, some cleaning logs noted the level of cleaning done, whereas others just checked off that the resident room was cleaned. Not tracking the level of cleaning done makes it impossible to tell when and how often a thorough clean was performed. The cleaning logs were not reviewed by a supervisor.

While it has procedures for office and floor cleaning that address infection prevention and control, Sunrise does not have procedures for cleaning common areas such as public washrooms, sitting areas, and activity rooms. Common areas are used by staff, visitors and residents.

We found that most facilities included common areas on their cleaning checklists. However, the level of cleaning required was not identified.

A lack of specific cleaning requirements for common areas and not requiring tracking or review by a supervisor of the level of cleaning carried out could result in facilities not receiving thorough or timely cleaning. Insufficient cleaning increases the risk of spreading infections.

4. We recommend that Sunrise Regional Health Authority implement cleaning procedures that identify cleaning requirements for all areas of long-term care facilities.

[18] The Provincial Infectious Diseases Advisory Committee in Ontario identifies levels of thoroughness for resident room cleaning. For example, in addition to routine daily cleaning of resident rooms, additional cleaning such as high dusting and cleaning baseboards should occur on a weekly basis.
www.publichealthontario.ca/en/eRepository/Best_Practices_Environmental_Cleaning_2012.pdf (4 April 2014).

5. **We recommend that Sunrise Regional Health Authority require staff document the level of cleaning completed on each area of long-term care facilities and have the documentation reviewed by a supervisor.**

Sunrise policy states that laundry staff should take the same precautions for all personal laundry (e.g., residents' clothing). However, we found that laundry practices differ by facility. Some facilities bagged or segregated wet/soiled personal laundry, while others did not. Bagging and segregating wet/soiled clothes helps control infections. It also allows staff to take extra personal protection precautions when needed.

We found that a number, but not all, of the facilities took steps regarding the layout and access to their laundry area to avoid contaminating clean laundry. For example, some facilities used separate access doors for clean and dirty laundry and separate areas to fold and store clean clothes.

Lack of procedures for handling soiled laundry increases the risk that staff may not have a clear understanding of what they must do and when. This, in turn, can increase the risk of infection to staff and residents.

6. **We recommend that Sunrise Regional Health Authority consistently handle and segregate soiled laundry to reduce the risk of infection to staff and residents of long-term care facilities.**

5.2.2 Formal Ongoing Training Plan Needed

Sunrise provides orientation for all new staff. Its general orientation for new staff was designed by staff with expertise from all areas (e.g., acute care, long-term care), including input from Sunrise's infection prevention and control committees. General orientation includes material on infection prevention and control such as immunization, respiratory assessment, hand hygiene, personal protective equipment (e.g., masks, gloves), precautions, risk of infection, and types of infections. New nurses receive additional orientation on infection prevention and control.

At each long-term care facility, Sunrise pairs new staff with senior staff to receive site-specific training and mentorship.

However, Sunrise does not have a formal, ongoing training plan for staff on infection prevention and control. Rather, it provides periodic ad-hoc refresher sessions on key topics. For example, an Infection Prevention Nurse led voluntary information sessions about once a year, and Operational Support Services management provided facility staff with training on significant changes to practice. In another example, long-term care facilities provided refresher sessions on personal protective equipment (e.g., appropriate use of gowns, gloves and masks). However, staff participation in these sessions varied. In some facilities all staff took part, whereas in others, cleaning and laundry staff were not included.

Formal, ongoing training is important. As infection control practices change, there is a risk that staff may not sufficiently understand or adopt new practices. Formal training provides an opportunity for skills to be reinforced and assessed.

7. **We recommend that Sunrise Regional Health Authority develop a training plan to give formal updates on infection prevention and control practices for long-term care facility staff.**

5.2.3 Key Resource Materials are Available

To help prevent and control infections, Sunrise makes resource materials available to staff in long-term care facilities. We found the following resource materials readily available:

- Policy and procedure manuals which are accessible to staff and available online.
- Quick guides for various infections for staff to use on a daily basis. For example, these guides set out contact precautions to take if a resident has a specific infection, such as MRSA.
- An Infection Prevention Nurse located in each area of the region (i.e., North, South and Central). Infection Prevention Nurses are a direct resource for staff in long-term care facilities. They provide advice, answer questions and provide up-to-date information about infection prevention and control. In every facility we visited, staff expressed appreciation for the Infection Prevention Nurses.
- Personal protective equipment such as gloves and masks and supplies for hand hygiene, such as alcohol rub. However, as noted in **Section 5.2.1**, Sunrise needs to standardize the location of hand hygiene and alcohol rub stations.
- Precaution signs to use in the case of an infection.
- Outbreak carts, containing items such as gowns and masks, which can be located outside of rooms in the case of an infection.

5.2.4 Key Practices are Monitored

To determine whether staff follow expected infection control practices, Sunrise routinely monitors three key infection control practices in its long-term care facilities.

Good hand hygiene is key to preventing and controlling infections. Sunrise does monthly hand hygiene audits in each facility. In these audits, it observes the practices of staff and gives the results to the facility. Results shared include the facility's current compliance rates compared to its past compliance rate, and those of other facilities in the region.

Sunrise monitors cleaning practices through annual room audits. Once each year, staff visually inspect each room in each facility by completing a checklist and provide

feedback to the facility. For example, the facility would be informed if dispensers (e.g., soap) in the rooms were not loaded and ready for use.

While staff influenza immunization is not a requirement, Sunrise monitors staff influenza immunization rates on an annual basis. It shares staff immunization rates at each facility in the region with all facilities.

See **Section 5.4** for reporting to senior management and the Board.

5.3 Information Systems Needed

5.3.1 System Needed to Monitor Key Infections

Sunrise has good processes for collecting information on infection outbreaks in its long-term care facilities. As previously noted, Sunrise's policy on outbreak management clearly defines what constitutes an outbreak (i.e., when there are two or more confirmed cases of the same infection in one facility), and what outbreak information to collect and report. Information is collected daily from facilities that have an outbreak. We found that nurses at the facilities manually record the information during outbreaks and submit it to the area Infection Prevention Nurse, as expected.

Also, Sunrise collects information on clostridium difficile (CDI) and reports it to the Ministry of Health as required.

Sunrise has a policy to monitor health-associated infections in the region. The policy defines the different types of infections (e.g., MRSA, VRE, CDI) and sets out the reporting requirements. At March 2014, Sunrise was revising its policy to make data collection and reporting easier for staff. However, at March 2014, Sunrise did not have a system for collecting and reporting on the key types of infections in long-term care facilities.[19]

Without a system to collect and summarize reports on key types of infections, Sunrise may underestimate the infection risks long-term care staff and residents face and miss opportunities to provide safer and better quality care.

8. **We recommend that Sunrise Regional Health Authority collect information on key types of infections that affect long-term care residents.**

[19] In Ontario's 2009 audit of Infection Prevention and Control at Long-term-care Homes, it noted that the Provincial Infectious Diseases Advisory Committee suggests that homes consider tracking various infections (CDI, MRSA, VRE, influenza, skin infections, and urinary tract infections).

5.3.2 Analysis of Infection Information to Identify Risks and Trends Needed

Sunrise analyzes information about infections collected during infection outbreaks. Once an outbreak is over, medical experts within Sunrise determine the causes of infections, details on individual cases, and recommendations for future prevention. Each year, the Medical Health Officer prepares a detailed analysis of all outbreaks in Sunrise facilities. This analysis includes infection outbreak rates over time, the type of outbreak, the length of time to declare an outbreak, and the length of an outbreak. It also sets out lessons learned and recommendations for improvement. The Medical Health Officer does a similar annual analysis of respiratory outbreaks in long-term care facilities. These reports are shared with staff, managers, and the various committees. From January 1, 2013 to December 31, 2013 Sunrise declared 24 outbreaks. Twenty-one of these outbreaks occurred in long-term care facilities.

Because Sunrise collected only data about CDI and had not collected data on other key types of infections that affect residents in long-term care facilities, it did not analyze those infections.

Through routine analysis of trends of infections that are not part of an outbreak, Sunrise could improve its ability to identify emerging risks and protect long-term care staff and residents from infections. Trends on infections would provide information to understand how many outbreaks were prevented and identify opportunities for improvement at facilities which experience higher than normal rates of infection. In addition, this information would allow Sunrise to better assess the effectiveness of its infection control and prevention plans and activities.

9. **We recommend that Sunrise Regional Health Authority routinely analyze information on key types of infections that affect long-term care residents.**

5.4 Reporting of Results Needs Improvement

5.4.1 Infection Outbreaks are Reported Promptly but Reporting of Infection Rates Needs Improvement

As described in **Section 5.3.1**, Sunrise has policies that identify when to report infection outbreaks in long-term care facilities. Once an outbreak is identified, Sunrise issues a Staff and Physician Alert to all facilities. This Alert identifies the symptoms, guidelines, location of related policies and forms, and contact information. Sunrise reports outbreaks to the public by posting information on its website and signs at the entrance of the affected facility.

From April 1, 2013 to March 31, 2014 we observed that Sunrise's website was promptly updated with information on infection outbreaks in long-term care facilities. We found that the various committees and management assigned responsibility for infection prevention and control reviewed reports of infection outbreaks in the region.

While Sunrise does a good job reporting on infection outbreaks in long-term care facilities, it does not currently collect or analyze information on other key infections. Accordingly, it cannot report on infection rates within individual long-term care facilities, or across the region.

Sunrise gives information on infection outbreaks in its long-term care facilities to the Ministry of Health, the public, and to other healthcare facilities across the region. Sunrise informs the public about outbreaks by posting the current infection outbreaks on its website. Also, the visiting public is made aware of precautions to be taken when entering a room when a resident has an infection.

The Board also receives reports on the infection outbreak trends and infection prevention and control activities in the region. However, given the limited information collected on infection rates other than CDI, there are no associated reviews of other infections. Also, Sunrise does not give senior management or its Board reports on infection rates for key types of infections.

Routine written analysis would help Sunrise follow up on trends and recommend actions to reduce the number of infections in its long-term care facilities. Senior management and the Board would then be able to use this information to determine if further action is required to prevent infections.

10. We recommend that Sunrise Regional Health Authority give senior management and the Board routine written analysis on rates and trends of key infections in long-term care facilities.

Once Sunrise completes its written analysis of infection rates and trends, it will be able to inform other stakeholders about infection rates and trends.

6.0 Selected References

Auditor General of Alberta. (2013). *Report of the Auditor General of Alberta. Health and Alberta Health Services – Infection Prevention and Control at Alberta Hospitals.* www.oag.ab.ca/webfiles/reports/October2013Report.pdf (14 April 2014).

Auditor General of Ontario. (2009). *2009 Annual Report. Infection Prevention and Control at Long-Term-Care Homes. Ch. 3, Sections 3.06.* www.auditor.on.ca/en/reports_en/en09/2009AR_en_web_entire.pdf (14 April 2014).

Canadian Patient Safety Institute. (2011). *The Economics of Patient Safety in Acute Care: Technical Report.* www.patientsafetyinstitute.ca/English/research/commissionedResearch/EconomicsofPatientSafety/Documents/Economics%20of%20Patient%20Safety%20-%20Acute%20Care%20-%20Final%20Report.pdf (14 April 2014).

Canadian Patient Safety Institute. (2008). *Safety in Long-Term Care Settings: Broadening the Patient Safety Agenda to Include Long Term Care Services.*

www.patientsafetyinstitute.ca/English/research/commissionedResearch/SafetyinLongTermCareSettings/Documents/Reports (14 April 2014).

Centers for Disease Control and Prevention. *Healthcare-Associated Infections (HAI).* www.cdc.gov/hai/organisms (14 April 2014).

Provincial Auditor of Saskatchewan. (2007). *2007 Report – Volume 3, Hospital Acquired Infections.* www.auditor.sk.ca/pub/publications/public_reports/2007/Volume_3/2007v3_11d_Health.pdf (14 April 2014).

Provincial Auditor of Saskatchewan (2011). *2011 Report – Volume 2, Prairie North Regional Health Authority: Hospital-Acquired Infections.* www.auditor.sk.ca/pub/publications/public_reports/2011/2011-report-volume-2/14F_Health-Part-F.pdf (14 April 2014).

Public Health Agency of Canada. (2010). *Essential Resources for Effective Infection Prevention and Control Programs: A Matter of Patient Safety*. www.phac-aspc.gc.ca/nois-sinp/guide/ps-sp (14 April 2014).

Public Health Agency of Canada. (2011). *Results of the Surveillance of Methicillin Resistant Staphylococcus Aureus – From 1995 to 2009 – A Project of the Canadian Nosocomial Infection Surveillance Program*. www.phac-aspc.gc.ca/nois-sinp (14 April 2014).

Sunrise Health Regional Health Authority. (2013). *Sunrise Health Region Annual Report 2012-13.* www.sunrisehealthregion.sk.ca/images/Articles/28_2012-13%20Annual%20Report%20-%20FINAL%20optim.pdf (14 April 2014).

Saskatchewan. Ministry of Health. (2013). *Program Guidelines for Special-Care Homes.* www.health.gov.sk.ca/adx/aspx/adxGetMedia.aspx?DocID=843ea94d-23bd-4a0a-8531-de690caccbe6 (14 April 2014).

Chapter 14
Technical Safety Authority of Saskatchewan—Boiler and Pressure Vessel Inspection Processes

1.0 Main Points

The Technical Safety Authority of Saskatchewan (TSASK) is assigned with the responsibility of administering and enforcing *The Boiler and Pressure Vessel Act, 1999* and *The Boiler and Pressure Vessel Regulations* (Regulations). These Regulations require that TSASK perform periodic inspections on boilers and pressure vessels. Regular inspection of boilers and pressure vessels is important to help prevent equipment malfunction because, in the event of a boiler or pressure vessel malfunction, there could be significant harm to facilities, the environment, employees, and the general public.

Our audit for the twelve-month period ended December 31, 2013 found that TSASK had effective processes for inspecting boilers and pressure vessels, except that TSASK needs to:

- Identify and formally assess risks, and use and periodically re-evaluate a risk-informed strategy for inspection selection
- Establish written policies and procedures for handling incidents and complaints and for follow up of inspection deficiencies
- Formalize the process to clear its backlog of outstanding inspections for boilers and pressure vessels within a reasonable amount of time
- Establish processes to ensure the accuracy and completeness of its electronic inspection records
- Provide its Board and the Ministry responsible for the Safety Standards Agreement with written analysis of trends for regulated sectors, and measures implemented to monitor trends and mitigate risks
- Establish processes to track and monitor completion of inspections by Quality Management System operators

We make nine recommendations to help TSASK improve its processes for inspecting boilers and pressure vessels.

2.0 Introduction

TSASK is a not-for-profit organization established on July 1, 2010 under *The Technical Safety Authority of Saskatchewan Act*. TSASK's objective is to protect public safety by delivering services that lead to the safe manufacture, installation, maintenance, use and operation of technical products, equipment and systems.[1] TSASK administers Saskatchewan's safety program for boilers, pressure vessels, elevating devices and

[1] *Technical Safety Authority of Saskatchewan 2013 Annual Report*, p. 5.

amusement rides on behalf of the Ministry of Government Relations pursuant to a Safety Standards Agreement signed with the Government of Saskatchewan.[2]

This chapter reports the results of our audit on TSASK's inspection processes for boilers and pressure vessels. For the purpose of this audit, boilers and pressure vessels are defined in accordance with section 2 of *The Boiler and Pressure Vessel Act, 1999*, as follows:

> *A **boiler** is a vessel in which steam is or may be generated or hot water produced under pressure, and includes any high pressure boiler or low pressure boiler and any pipe, fitting, prime mover, machinery or other equipment attached to the vessel or used in connection with the vessel (e.g., equipment used to heat buildings or as part of the process to generate power)*

> *A **pressure vessel** is a vessel or similar apparatus, other than a boiler, that is or may be used for containing, storing, distributing, transferring, distilling, evaporating, processing or otherwise handling gases, fluids or solids and that is normally operated under pressure, and includes any pipe or fitting that is attached to the vessel or used in connection with the vessel (e.g., large stationary propane tanks, anhydrous ammonia storage tanks, oil refineries, oil separators,[3] etc.)*

3.0 Background—Responsibility for Inspections

Section 25(1) of *The Technical Safety Authority of Saskatchewan Act* and section 5.01 of the Safety Standards Agreement assign TSASK with the responsibility of administering and enforcing *The Boiler and Pressure Vessel Act, 1999* (Act) and *The Boiler and Pressure Vessel Regulations* (Regulations).

The Regulations require that TSASK perform inspections on boilers and pressure vessels ranging from annually to every 10 years, depending on the type of boiler or pressure vessel, and whether the equipment owner has a certified Quality Management System (QMS) in place.

Section 28 of the Act provides companies that own or insure boilers or pressure vessels with an opportunity to apply to the Chief Inspector (a person appointed or designated by TSASK) for approval of a QMS. As of June 30, 2013, TSASK had nine companies that each operate under an approved QMS.[4]

As part of a QMS, the applicant company (i.e., operator) establishes a documented inspection program and employs qualified inspection personnel to perform periodic inspections on equipment they own or insure. The Regulations require companies with a QMS to provide the Chief Inspector with reports that detail all inspections made subject to a QMS (section 66), and provide TSASK with the authority to conduct audits to determine whether a company is operating in compliance with an approved QMS (section 81).

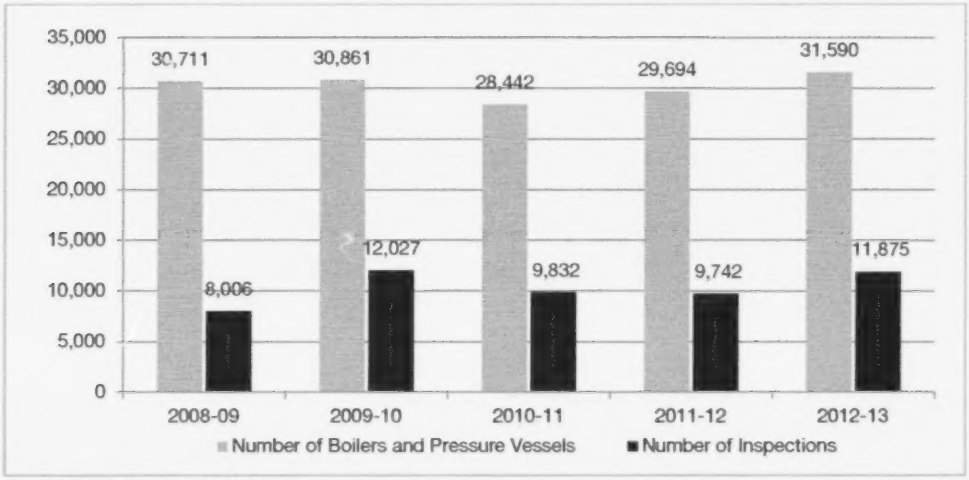
---

[2] www.tsask.ca/about-us (3 December 2013).
[3] An oil separator is a pressure vessel used in the oil field on a producing lease or platform near the wellhead, manifold, or tank battery to separate fluids produced from oil and gas wells into oil and gas or liquid and gas.
[4] *Technical Safety Authority of Saskatchewan 2013 Annual Report*, p. 7.

Safety of boilers and pressure vessels is a significant component of TSASK's operations. Conducting inspections is necessary for TSASK to fulfill legislative responsibilities. In 2012-13, TSASK earned over $6 million in boiler and pressure vessel safety revenue (including inspection, examination, certification, design review and licensing-derived revenues), which equates to almost 86% of TSASK's total revenue.[5] As noted in **Figure 1**, there were 31,590 boilers and pressure vessels in Saskatchewan in 2012-13,[6] and TSASK conducted 11,875 in-service and installation acceptance inspections (see **Figure 2** for related types of inspections). Also, as reflected in **Figure 1**, over the last five years the inventory of boilers and pressure vessels has grown by almost 3% and the number of inspections has increased by 48%.

At December 31, 2013, TSASK had 17 inspectors responsible for inspections of boilers and pressure vessels.

Figure 1—Inventory of Boilers and Pressure Vessels and Number of Inspections



Source: TSASK inspections database

Figure 2—Types of Inspections

- **Acceptance inspections**: one-time inspections for installation of new or altered equipment, before it is put in use
- **In-service inspections**: periodic inspections that are required for equipment that is in use or operation
- **Incident**: an explosion, serious fire, rupture, serious overheating of equipment, or an accident causing death or serious injury to a person arising from the operation of a boiler or pressure vessel
- **Outstanding inspections**: inspections related to licensed equipment whose periodic inspection interval has exceeded either the inspection intervals as defined within the Regulations, or the inspection intervals as categorized through TSASK policy

Source: Adapted from *Technical Safety Authority of Saskatchewan 2013 Annual Report and the Safety Standards Agreement*

Significant harm to facilities, the environment, employees and the general public could occur in the event of a boiler or pressure vessel malfunction. If boilers and pressure vessels are not properly designed, operated, maintained and inspected, equipment deficiencies (e.g., leaks) could result in fires, explosions or the release of dangerous gases (e.g., steam, propane, anhydrous ammonia). Inspecting boilers and pressure

[5] *Technical Safety Authority of Saskatchewan 2013 Annual Report*, p. 18.
[6] Ibid., p. 7.

vessels helps prevent equipment malfunction and is critical for the safety of Saskatchewan citizens.

4.0 Audit Objective, Scope, Criteria, and Conclusion

The objective of this audit was to assess whether the Technical Safety Authority of Saskatchewan had effective processes for inspecting boilers and pressure vessels for the twelve-month period ended December 31, 2013.

We examined TSASK's policies and procedures related to the inspection processes for boilers and pressure vessels. We tested a sample of inspections conducted during the audit period, and reviewed TSASK's inspector qualifications, incident and complaint logs, and reports provided to senior management.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate TSASK's processes, we used criteria based on our related work, reviews of literature including reports of other auditors, and consultations with management. Management agreed with these criteria (see **Figure 3**).

Figure 3—Audit Criteria

To have effective processes to conduct inspections of boilers and pressure vessels, TSASK should:

1. **Use a risk-informed strategy for the inspection selection**
   - 1.1 Identify legislative requirements for inspections
   - 1.2 Identify key risks of non-compliance
   - 1.3 Develop a strategy to address requirements and risks
   - 1.4 Periodically re-evaluate the strategy
   - 1.5 Set clear policies and procedures to carry out the strategy, including policies for the handling of incidents and complaints
2. **Carry out inspections in accordance with strategy**
   - 2.1 Use qualified personnel for inspections
   - 2.2 Carry out inspections as planned
   - 2.3 Investigate incidents and complaints
3. **Monitor compliance with standards**
   - 3.1 Report promptly identified non-compliance to affected parties
   - 3.2 Resolve deficiencies noted in inspections
   - 3.3 Report periodically to senior management, board and Ministry of Government Relations on compliance trends

We concluded that for the twelve-month period ended December 31, 2013, the Technical Safety Authority of Saskatchewan had effective processes to inspect boilers and pressure vessels except it needs to:

- **Identify and formally assess risks, and use and periodically re-evaluate a risk-informed strategy for inspection selection**
- **Establish written policies and procedures for handling incidents and complaints and for follow up of inspection deficiencies**
- **Formalize the process to clear its backlog of outstanding inspections for boilers and pressure vessels within a reasonable amount of time**

- **Establish processes to ensure the accuracy and completeness of its electronic inspection records**
- **Provide its Board and the Ministry responsible for the Safety Standards Agreement with written analysis of trends for regulated sectors, and measures implemented to monitor trends and mitigate risks**
- **Establish processes to track and monitor completion of inspections by Quality Management System operators**

5.0 Key Findings and Recommendations

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 3.**

5.1 Using a Risk-Informed Strategy for Inspection Selection

5.1.1 Risk-Informed Strategy for Inspection Needed

We expected TSASK to identify the legislative requirements for inspections, identify key risks of non-compliance, and develop a strategy to address those requirements and risks – that is, we expected the use of a risk-informed strategy for deciding who and when to inspect. We found that while TSASK had some components of a risk-informed strategy, it had not yet developed an inspection strategy based on a documented risk assessment.

TSASK has a policy that documents inspection frequencies for boilers and pressure vessels. For some types of equipment, this policy requires more frequent inspections than those established in the Regulations. In addition to this policy, TSASK also has an inspection guide for its inspectors that outlines some priority areas for inspections. For example, the top two priority areas that it has identified are acceptance inspections of new boilers and pressure vessels, and outstanding inspections. Also, the Chief Inspector:

- Gives verbal direction to TSASK's inspectors on priority areas, such as inspection of equipment at schools, hospitals, and other healthcare facilities
- Requires that historical steam engines be inspected annually due to the higher risk associated with their age

However, although TSASK has considered some higher risk areas and taken actions to mitigate these risks, it does not have documentation to support these risk assessments.

In the fall of 2013, TSASK started to develop a risk management framework (framework) to satisfy requirements of the Safety Standards Agreement (Agreement). The Agreement requires, for each technology for which it is responsible,[7] that TSASK develop an

[7] TSASK is responsible for administrating Saskatchewan's safety program for boilers, pressure vessels, elevating devices, and amusement rides.

effective process for identifying major risks and developing appropriate risk mitigation plans, including any recommendations for legislative or regulatory changes with respect to those risks.

TSASK's framework includes policies and processes for identifying, analyzing, evaluating, treating, and monitoring risks. The Chief Inspector, the Manager of Quality Assurance, and the Chief Executive Officer meet periodically to discuss the risks identified in the framework. TSASK's framework does not yet address how to determine the severity of a risk or how to set priorities for treatment of identified risks.

Using its framework, TSASK identified seven risks related to the technologies for which it is responsible and has started assessing some of these risks, but the risks identified are not specifically related to TSASK's inspection strategy. For example, although one of TSASK's goals is to reduce outstanding inspections to zero, management did not use its framework to identify and assess the risk of outstanding inspections. To ensure that it identifies and addresses all of the key risks concerning boilers and pressure vessels, it is important that TSASK conduct and document a formal risk assessment that considers the risks to inspections.

1. **We recommend that the Technical Safety Authority of Saskatchewan identify and formally assess the risks surrounding the inspection of boilers and pressure vessels.**

While TSASK has some components of a risk-informed strategy (e.g., policy concerning inspection frequency, inspection priority, verbal communication of inspection priority areas, risk management framework), it has not yet documented a risk-informed inspection strategy. With a complete risk assessment surrounding its inspection of boilers and pressure vessels, TSASK could develop a risk-informed strategy that would guide who and when to inspect. Developing a strategy based on documented risk assessments would allow TSASK to focus its resources on the highest risk areas and contribute to the achievement of its objectives. To ensure the continued relevance of the strategy, it is also important for TSASK to require periodic re-evaluations of the strategy.

2. **We recommend that the Technical Safety Authority of Saskatchewan use a documented risk-informed strategy for inspection selection.**

3. **We recommend that the Technical Safety Authority of Saskatchewan establish a policy requiring periodic formal re-evaluation of its risk-informed strategy for inspection selection.**

5.1.2 Establish Policies and Procedures

We expected TSASK to set clear policies and procedures to carry out its strategy, including policies for handling incidents and complaints. The Agreement requires TSASK to investigate incidents, analyze the information gathered during investigations, and take necessary action to resolve systematic problems. We found that TSASK has processes in place for handling incidents and complaints, and that staff were aware of these processes. However, the established incident and complaint processes are not supported by documented policies or procedures.

Documenting policies and procedures can prevent confusion or actions that do not align with established processes, and promotes consistency in handling similar situations. Policies and procedures are also a form of written communication that provide clear direction for staff and help everyone work towards the same goals.

4. We recommend that the Technical Safety Authority of Saskatchewan establish written policies and procedures for handling incidents and complaints.

TSASK's inspectors are required to use a three-part checklist when they inspect a boiler or pressure vessel (i.e., equipment). The checklist identifies the equipment inspected, deficiencies identified during the inspection, repairs needed, and the deadline for when the owner is required to complete corrective actions. After the inspection is complete, the inspector provides one part of the checklist to the equipment owner. Equipment owners are required to submit a form notifying TSASK when they have completed the required corrective actions. Depending on the significance of the corrective action, TSASK may perform an additional inspection.

During our testing of inspections, we found some instances where the inspector did not identify the deadline for corrective action. Employees entering the inspection details into the electronic records inspection system, LISA, are expected to follow up with the inspectors if a deadline for corrective action is not identified. We found inconsistencies with how employees addressed unidentified deadlines. For example, some employees entered a default deadline of 90 days after the inspection date rather than consulting with the inspector. TSASK expects its inspectors to set deadlines for correcting inspection deficiencies based on the inspectors' assessment of the safety risk that the deficiencies pose.

When an equipment owner has not taken required corrective action by the deadline, TSASK has an established process to follow up with the equipment owner. During our testing of inspections, we found 3 out of 9 instances where required follow up with equipment owners was not timely (i.e., up to six months after the last follow up).

TSASK does not have a policy that provides inspectors with guidance on the timing of follow up of inspection deficiencies. Depending on the significance of the equipment deficiency found (i.e., the potential risk to safety), inspectors may need to follow up uncorrected defects with equipment owners sooner. A documented policy would help clarify expectations and would enable consistent follow up of deficiencies.

5. **We recommend that the Technical Safety Authority of Saskatchewan establish a written policy for follow up of inspection deficiencies.**

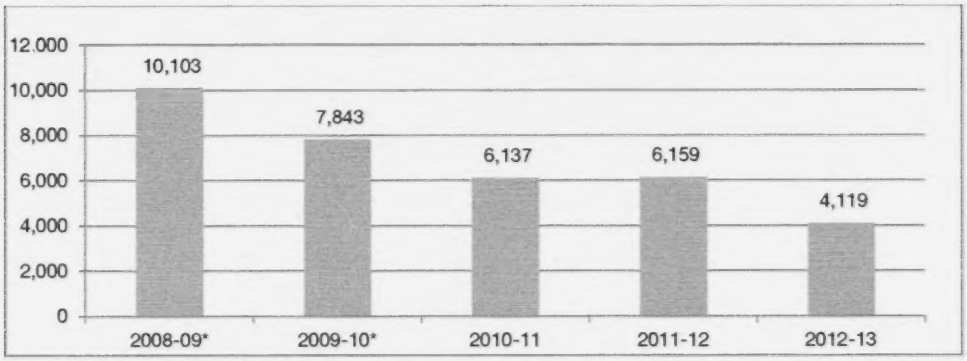
5.2 Carry Out Inspections in Accordance with Strategy

5.2.1 Need to Address Outstanding Inspections

To carry out inspections in accordance with its strategy, we expected TSASK to use qualified personnel, carry out inspections as planned, and investigate any incidents or complaints. We found that TSASK has set out appropriate qualifications for its inspectors. TSASK monitors the qualifications of its inspectors, and the qualifications of inspectors for companies with a QMS in place. We also found that TSASK investigates and maintains a log to track all reported incidents and complaints.

Figure 4 below shows the number of outstanding inspections for boilers and pressure vessels from 2008-09 to 2012-13.

Figure 4—Number of Outstanding Boiler and Pressure Vessel Inspections from 2008 to 2013



Source: TSASK inspections database
*Before TSASK's creation in 2010-11, the Ministry of Corrections, Public Safety and Policing managed the inspection of boilers and pressure vessels

As **Figure 4** indicates, TSASK has reduced the number of outstanding inspections by over half from 2008-09 levels and by approximately 47% since it started operations on July 1, 2010. These improvements are largely attributed to a focused effort by TSASK to address outstanding inspections. As noted earlier, TSASK gives priority to regular in-service inspections that are due or overdue. While TSASK has made significant improvements in reducing the number of outstanding inspections, it still has work to do to eliminate its backlog. Elimination of its backlog is critical so that TSASK carries out inspections in a timely manner, as set out in its policies and Regulations. Untimely inspection of equipment increases the risk of equipment deficiencies being undetected.

6. **We recommend that the Technical Safety Authority of Saskatchewan formalize the process to clear its backlog of outstanding inspections for boilers and pressure vessels within a reasonable amount of time.**

5.2.2 Need to Assess Accuracy and Completeness of Electronic Inspection Records

To carry out inspections in accordance with its strategy, we expected TSASK to have complete and accurate information regarding its inspections, as well as processes to ensure the accuracy and completeness of data. We found that TSASK relies on its electronic inspection records system, LISA, to track and provide key information on its inspections. Using LISA, TSASK determines which pieces of equipment require inspection through review of reports regarding inspections that are due or outstanding. We used Computer Assisted Auditing Techniques to analyze data in LISA. We found inconsistencies that could impact when an inspection is flagged for completion, as well as the reporting of overdue inspections. For example, we found equipment records with incorrect inspection frequencies, equipment types, next inspection dates (or where next inspection dates were not entered), as well as instances where inspections were not properly updated in the system. Overall, the number of inconsistencies found in the data was small (i.e. less than 1% of all equipment records). However, depending on the type of equipment, inaccurate information could have a significant impact (e.g., we found a piece of equipment required to be inspected every five years, but had a next inspection date set for 2035 – over 20 years away).

Management is replacing LISA with a new electronic inspection records system. Management noted that concerns surrounding updating data and limited system capabilities are factors that contributed to its replacement decision. Management has advised us it will implement the new system in the first half of 2014. Processes to ensure that data entered into inspection records is complete and accurate (e.g., use of edit checks, mandatory fields) are important. Inaccurate and incomplete information can result in misleading reports, untimely completion of inspections, or inefficient use of resources (e.g., conducting inspections more frequently than required).

7. **We recommend that the Technical Safety Authority of Saskatchewan establish processes to ensure the accuracy and completeness of its electronic inspection records.**

5.3 Monitor Compliance with Standards

5.3.1 Need to Assess Reporting Requirements

We expected TSASK to give periodic reports to its Board, senior management, and the Ministry of Government Relations (Ministry). The Chief Inspector provides TSASK's Board with a report at each meeting on boiler and pressure vessel inspections. This report includes graphs or charts detailing comparative information on inspections completed to date, outstanding inspections, and reported incidents.

TSASK's senior management meets approximately every week to discuss operations. This allows management to discuss progress and concerns, and monitor operations. In addition, the Chief Inspector maintains regular contact with inspectors.

As previously noted, TSASK's responsibility for conducting inspections is set out through the Agreement with the Ministry. The current Agreement's term ends in 2015. The Agreement requires that TSASK provide the following periodic reports:

- Quarterly reports on statistical indicators for safety, including:
  - Total inspections
  - Total outstanding inspections
  - Total reported incidents
  - Total corrective action reports

- Annual trend analyses including:
  - Trends in all sectors regulated by TSASK
  - Explanations for trends
  - Explanations of the measures implemented by TSASK to monitor trends and mitigate risks
  - Working towards comparing trends in Saskatchewan to other jurisdictions, where possible

We found that TSASK began providing the Ministry with the required quarterly information in early 2014. These quarterly reports also included trends in all sectors regulated by TSASK. However, these quarterly reports did not provide explanations for trends or comparisons to other jurisdictions, as required under the Agreement. By December 31, 2013, TSASK had not provided the Ministry or its Board with the required annual analysis explaining trends and the measures implemented by TSASK to monitor trends and mitigate risks. Such information is necessary to enable the Ministry and the Board to assess TSASK's performance, and to ensure that TSASK meets its legislative requirements.

Management was aware that it had not met all of its reporting requirements and cited challenges with providing all of the information required under the Agreement. For example, it noted that comparing trends in Saskatchewan to other jurisdictions has been difficult because each province operates under different legislation and has different methods to track, measure, and report information.

Management advised that it will be approaching the Ministry to renegotiate the Agreement before the end of its current term. TSASK plans to continue to provide the Ministry with quarterly reports on statistical indicators.

8. **We recommend that the Technical Safety Authority of Saskatchewan give its Board and the Ministry responsible for Safety Standards Agreement written analysis of:**
   - **Trends for regulated sectors**
   - **Measures implemented to monitor trends and mitigate risks**

5.3.2 Need to Monitor QMS Inspections

We expected that TSASK would monitor inspections completed by each company operating under an approved QMS. At December 2013, TSASK had nine companies operating under a QMS which comprised 21% of licensed provincial inventory of boilers

and pressure vessels. Some additional companies have also expressed an interest in pursuing a QMS.[8]

As previously noted, the Regulations require each company operating under a QMS (i.e., operator) to provide the Chief Inspector with reports that outline all inspections made subject to a QMS. When a company applies to be a QMS operator, it must submit a QMS program manual that documents the company's inspection program. The Chief Inspector then reviews and approves the QMS program manual leaving evidence of his review and approval. For the sample of manuals we examined, we found that the Chief inspector reviewed the QMS program manual, ensuring that it:

- Required the company to submit reports to TSASK, using a standardized form, twice per year. Use of the standardized form ensures TSASK receives information on the equipment inspected, the inspector, inspection date, and next inspection date
- Specified the dates that the operator must submit the standardized forms to TSASK

However, we found that TSASK does not have a process in place to track and monitor whether QMS operators submit the required reports by the dates specified in their manuals. If TSASK does not track and monitor receipt of these reports, there is a risk that QMS operators will not complete inspections in accordance with the QMS program manuals approved by TSASK. Untimely inspection of equipment by QMS operators increases the risk of undetected equipment deficiencies.

9. **We recommend that the Technical Safety Authority of Saskatchewan establish processes to track and monitor completion of inspections by Quality Management System operators, to confirm inspections have been completed in accordance with their approved manuals.**

6.0 Selected References

Auditor General of Newfoundland. (2010). *Inspection and monitoring of radiation equipment*. Corner Brook, Newfoundland: Author.

Auditor General of Newfoundland. (2012). *Industrial Compliance*. Corner Brook, Newfoundland: Author.

Provincial Auditor of Saskatchewan. (2011). *2011 Report – Volume 1, Chapter 6, Highways and Infrastructure*. Regina: Author.

Provincial Auditor of Saskatchewan. (2011). *2011 Report – Volume 2, Chapter 22, Saskatchewan Power Corporation.* Regina: Author.

[8] *Technical Safety Authority of Saskatchewan 2013 Annual Report*, p. 7.

Chapter 15
Water Security Agency—Regulating Wastewater Systems

1.0 Main Points

Effectively regulating public wastewater systems[1] is essential to protecting our environment and in turn, the health and safety of residents. Wastewater systems treat wastewater[2] so that it can be safely discharged, limiting the negative impacts on the environment and human health. Without proper treatment, effluent[3] released directly into water bodies or onto land can contaminate the environment. As removing these contaminants takes time and financial resources, it is preferable to prevent contamination from happening in the first place.

The Water Security Agency (Agency) is responsible for regulating public wastewater system owners[4] who are ultimately responsible for ensuring that wastewater is adequately treated before being released into the environment.

For the period of April 1, 2013 to March 31, 2014, the Agency had effective processes to regulate public wastewater systems, except for the following areas. The Agency should:

- Update its wastewater system design requirements and regulations to reflect upcoming stricter effluent standards
- Address non-compliance of wastewater system owners that do not upgrade wastewater systems for subdivision expansions
- Require and review that mechanical wastewater system owners are meeting effluent sampling requirements throughout the year
- Report wastewater system non-compliance to the public

2.0 Introduction

Municipalities, Saskatchewan Water Corporation, and others (e.g., Hutterite colonies, provincial or regional parks) own and operate public wastewater systems which treat and release the majority of wastewater from homes, businesses, and institutions (e.g., schools). Wastewater systems are expensive infrastructure developments that are expected to last for 30 to 50 years, although they may be upgraded to accommodate public needs such as population growth. Public wastewater system owners are ultimately responsible for ensuring that effluent has undergone an adequate treatment process before being released into the environment.

---

[1] Public wastewater systems consist of all municipal wastewater systems and any system that has a design flow of effluent that is 18 cubic meters or more in a 24-hour period.
[2] Wastewater is water contaminated by waste from residential, commercial, and industrial processes.
[3] Effluent is wastewater that has gone through a treatment process.
[4] The Agency does not regulate wastewater systems on First Nations or other federal lands, smaller semi-public systems, or private on-site wastewater disposal systems at farms, ranches, or acreages.

Properly treating wastewater is a key step in protecting aquatic habitats and sources of drinking water, and keeping streams, rivers, and lakes clean for recreational activities.

The Agency is responsible for regulating public wastewater system owners, as described in *The Environmental Management and Protection Act, 2002* (EMPA 2002) and *The Water Regulations, 2002* (Regulations). The Agency regulates public wastewater system owners by issuing permits to construct and operate wastewater systems, inspecting wastewater systems, monitoring effluent sampling results, and enforcing permits. Effective processes for regulating public wastewater systems are essential to avoid and mitigate the threats posed by wastewater to our water resources.

At November 2013, the Agency inspected and regulated 590 public wastewater systems, the vast majority of which were lagoon systems.[5]

Figure 1—Wastewater System Types in Saskatchewan as of November 2013

Type of System	Number
Mechanical systems	17
Lagoon systems	567
Collection only systems[6]	6
Total	**590**

Source: Water Security Agency records

3.0 Wastewater Treatment

The goal of wastewater treatment is to reduce or remove organic matter, solids, nutrients, disease-causing organisms, and other pollutants from wastewater before discharge, especially if discharging into a body of water. Treatment of wastewater is a multi-stage process. Treatment significantly reduces the level of contaminants found in wastewater to eliminate adverse short- or long-term effects on the environment before it re-enters a body of water, is applied to the land, or is reused.

In Saskatchewan, mechanical wastewater systems or lagoon systems are most commonly used for treating wastewater. The type of treatment depends on several factors including the system's location and how many people are using the system.

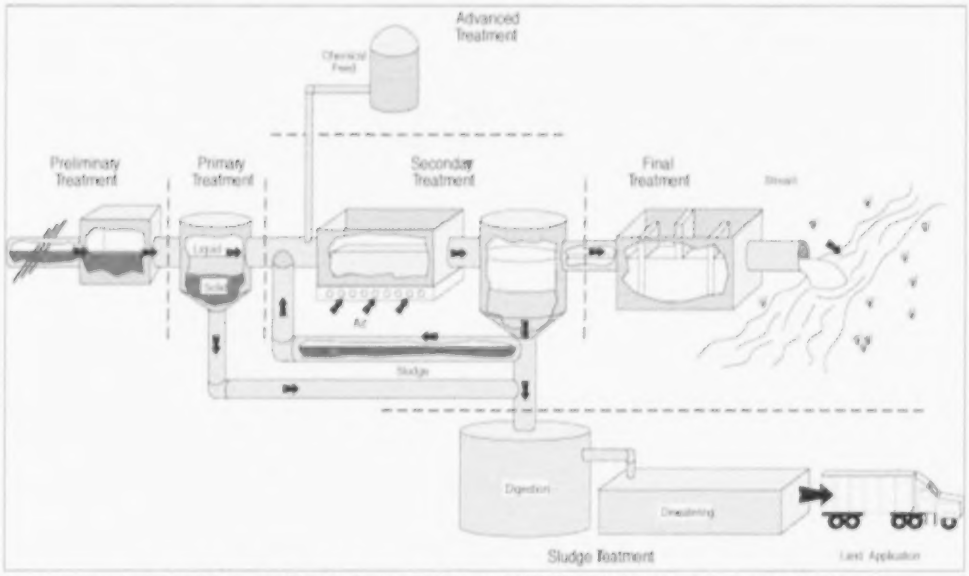
Laws require mechanical wastewater systems in Saskatchewan to have at least a secondary treatment phase. As reflected in **Figure 2**, when wastewater is treated in a mechanical wastewater system, it undergoes several treatment phases. These may include:

- Preliminary treatment that screens out debris in the wastewater.
- Primary and secondary treatments that allow suspended solids to settle out of water and use biological processes to reduce the level of contaminants.

[5] Lagoon systems are shallow ponds used for biological treatment of wastewater.
[6] Per the Regulations, collection systems are pipes, conduits, drains, mains, manholes, and appurtenances used for collecting and conveying sewage.

- Advanced treatment that involves the removal of specific components from wastewater, such as nitrogen, phosphorus, and heavy metals (e.g., through chemical treatment). Advanced treatment can also include additional processes that remove disease-causing organisms from wastewater (e.g., disinfection through use of ultraviolet light).

Figure 2—Example of Mechanical Wastewater System



Source: www.rpi.edu/dept/chem-eng/Biotech-Environ/Environmental/WWTP_Principles.html (25 October 2013)

Lagoon systems are required to meet specific waste loading[7] and storage requirements. Lagoon systems often have two ponds working in a series that provide similar functions to a mechanical wastewater system but at a slower rate (i.e., provide primary and secondary treatments). Ponds allow suspended solids to settle out, and micro-organisms in the pond to consume the organic materials and nutrients in the wastewater. Lagoon systems will generally achieve secondary treatment in the fall, provided the systems are not overloaded and spring discharges benefit from significant dilution during spring runoff.

4.0 Wastewater Regulation

4.1 Wastewater Regulatory Standards–Provincial and Federal

The Regulations set the standards for effluent treatment and quality in the province. As previously noted, the Agency is responsible for monitoring compliance with standards in the Regulations. Currently, standards for mechanical systems and lagoon systems differ. For example, effluent leaving mechanical systems must meet a certain quality, whereas effluent leaving lagoon systems is not required to meet a certain quality. Rather, current

[7] A loading standard refers to the application of organic matter in the wastewater. It is set in the Regulations as 30 kilograms per hectare per day.

provincial Regulations require lagoon systems to be designed to a loading and storage standard that should result in effluent of a certain quality.

In 2012, the Government of Canada established *The Wastewater Systems Effluent Regulations* (Federal Regulations) that include effluent standards that come into effect in January 2015. Environment Canada is responsible for administering the Federal Regulations, not the Agency.

The Federal Regulations set minimum effluent quality standards for those wastewater systems that receive an average wastewater volume of more than 100 cubic meters daily and ultimately discharge into surface water that are frequented by fish. The Federal Regulations, once effective, will impact an estimated 71 Saskatchewan wastewater systems. Unless these system owners have applied for a transitional authorization,[8] they will be required to comply with the minimum effluent quality standards in January 2015.

At March 2014, the Agency is in discussion with Environment Canada to carry out federal regulatory duties on Environment Canada's behalf. The Agency noted it hopes to finalize an agreement by June 2014.

Saskatchewan has also endorsed the Canada-wide Strategy for the Management of Municipal Wastewater Effluent (CCME Strategy), developed by the Canadian Council of Ministers of the Environment.[9] All provinces and territories except Newfoundland and Labrador, Nunavut, and Quebec endorsed this strategy in 2009. The CCME Strategy includes effluent standards (National Performance Standards) that apply to municipal wastewater systems that deposit more than 10 cubic meters of effluent daily to surface waters. The National Performance Standards will impact an estimated 88 Saskatchewan wastewater systems (including the 71 impacted by the Federal Regulations). These standards are stricter than those currently in effect in Saskatchewan, but are equivalent to the Federal Regulations.

Also at March 2014, the Agency indicated it has drafted regulations that support the National Performance Standards and the Federal Regulations. As these regulations are still draft, wastewater systems in Saskatchewan are not yet required to meet these stricter effluent standards.

4.2 Saskatchewan's Wastewater Regulatory Regime

The Agency, through its Environmental and Municipal Management Services Division, is responsible for regulating wastewater systems. As of March 2014, the Agency had 17 environmental project officers (EPOs) who regulate public wastewater systems. EPOs grant permits to operate wastewater systems. Wastewater system owners must comply with the standards set out in the permits.

To ensure wastewater system owners are meeting the standards, the Agency must monitor the results of owners' required wastewater testing and inspect most systems

[8] Transitional authorizations can exempt low-risk wastewater systems from complying with the Federal Regulations until December 2040 while undertaking system upgrades.

[9] The Canadian Council of Ministers of the Environment is an inter-governmental organization in Canada with members from the federal government, 10 provincial governments, and three territorial governments. Membership is at the ministerial level and meetings typically occur at least annually to discuss national environmental issues.

annually[10]. When a wastewater owner does not comply with the permit, the Agency has a variety of ways to enforce compliance and communicate its concerns to the owner.

5.0 Audit Objective, Scope, Criteria, and Conclusion

The objective of this audit was to assess whether the Agency had effective processes to regulate public wastewater systems in a manner that protects the environment and human health. We assessed the Agency's processes for the twelve-month period of April 1, 2013 to March 31, 2014.

As the Agency was not responsible for administration of the Federal Regulations during the audit period, regulating compliance with the Federal Regulations was not included in our audit.

We examined the Agency's policies, procedures, processes, and database reports. We tested a sample of permit applications and approvals, interviewed Agency staff, and attended wastewater system inspections along with Agency staff.

To conduct this audit, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Agency's processes, we used criteria based on our related work, literature including reports of other auditors, and consultations with management. The Agency's management agreed with the criteria (see **Figure 3**).

Figure 3—Audit Criteria

To have effective processes to regulate public wastewater systems in a manner that protects the environment and human health, the Water Security Agency should:

1. **Permit and monitor wastewater system constructions/expansions**
   - 1.1 Set and communicate appropriate requirements for wastewater system constructions/expansions
   - 1.2 Issue appropriate construction/expansion permits
   - 1.3 Confirm whether owners meet construction/expansion requirements
2. **Permit and monitor wastewater system operations**
   - 2.1 Set and communicate appropriate requirements for operating wastewater systems
   - 2.2 Issue appropriate operational permits
   - 2.3 Regularly assess compliance with operational permit terms and conditions
3. **Address and report identified non-compliance with permits**
   - 3.1 Identify non-compliance and serious risks
   - 3.2 Require action on non-compliance
   - 3.3 Report non-compliance to wastewater system owners, senior management, and the public

We concluded that, for the period of April 1, 2013 to March 31, 2014, the Water Security Agency had effective processes to regulate public wastewater systems except that it needs to:

- **Update its wastewater system design requirements and regulations to reflect upcoming stricter effluent standards**
- **Address non-compliance of wastewater system owners that do not upgrade wastewater systems for subdivision expansions**

[10] Smaller, non-discharging systems are inspected every second year as they present a lower risk to the environment.

- **Require and review evidence that mechanical wastewater system owners are meeting effluent sampling requirements (i.e., frequency and quality levels) throughout the year**
- **Report wastewater system non-compliance to the public**

6.0 Key Findings and Recommendations

In this section, we describe our key findings and recommendations related to the audit criteria in **Figure 3**.

6.1 Update Design Requirements and Monitor "Parallel Growth"

6.1.1 Design Requirements Need Updating

EMPA 2002 requires the Agency to issue permits for the construction, expansion, or alteration of public wastewater systems. In general, EMPA 2002 requires that wastewater systems be appropriately designed and built so effluent will meet the minimum provincial effluent quality standards.

The Agency sets and communicates design requirements through its Guidelines for Sewage Works Design (guidelines). These guidelines are available to the public online at www.saskh20.ca (SaskH20 website). As well, the Agency communicates its design requirements through presentations at provincial water conferences, engineer stakeholder meetings, and Saskatchewan Association of Rural Municipalities and Saskatchewan Urban Municipalities Association meetings.

The loading and storage design of a wastewater system is critical to its ability to adequately treat wastewater. For example, the ability of a lagoon system to adequately treat wastewater (i.e., meet a certain effluent standard) is dependent on the amount of time wastewater is subjected to biological processes, the makeup of wastewater that requires treatment, and its design. Currently, the Agency requires lagoon systems to hold a minimum of 180 days of wastewater storage in an approved loading and storage design.

For wastewater systems to meet effluent standards outlined in the Federal Regulations and CCME National Performance Standards (see **Section 4.1**), the Agency has drafted new regulations that include requirements for lagoon systems. For example, these new regulations will require new or expanded lagoon systems to hold at least 220 days of wastewater storage. This should result in improved effluent quality from lagoon systems. However, at March 2014, the Agency had not updated its design requirements or regulations. The Agency, as an interim measure, has been approving construction or expansion permits with the 220-day storage requirement, along with a stricter loading and storage design for those systems that will be impacted by the Federal Regulations.

Without updated regulations and design requirements that meet the upcoming stricter standards,[11] there are inconsistent minimum standards for lagoon systems being built or expanded. This creates a risk that newly constructed or expanded lagoon systems will discharge inadequately treated effluent, increasing the negative impacts on the environment.

1. **We recommend that the Water Security Agency update its wastewater system design requirements and regulations so that new wastewater system constructions and expansions are designed to meet future stricter effluent standards.**

6.1.2 Issuing Appropriate Construction/Expansion Permits

When wastewater system owners decide to construct or expand a wastewater system, they must submit a standard application for the Agency's review and approval in order to receive a construction/expansion permit.

The application requires supporting information that varies depending upon the nature and extent of the construction or expansion. For example, new wastewater construction applications must include a downstream use and impact study[12] completed by professional engineers.

Agency staff (Engineering and Approvals Section) must review applications to determine whether the proposed design will meet the regulatory requirements and the Agency's design guidelines prior to issuing a permit. The construction/expansion permit contains conditions that the wastewater owners must meet. For example, permits indicate the effective and expiry dates of the permit, and the construction standards and specifications the owners must adhere to. From April 1, 2013 to March 31, 2014, the Agency issued about 120 construction/expansion permits.

We found that all six of the applications we examined contained the necessary documentation to obtain a permit, and permits issued were appropriate.

Since 2009, the Agency has adopted a "parallel growth policy". This policy applies to owners where existing wastewater systems do not have the capacity to support new developments (e.g., residential subdivisions). Wastewater system owners sign "parallel growth agreements" with the Agency that outline a commitment for the subdivision expansion to occur along with the upgrade of the associated wastewater system. Once signed, the Agency notifies the Ministry of Government Relations that it has no objection with the subdivision expansion approval. The Agency then approves wastewater system construction permits with a condition that allows a new subdivision to be built at the same time as a new wastewater system is being built or upgraded to support the new development (i.e., "parallel growth" permits). See further discussion in **Section 6.1.3**.

[11] As noted in **Section 4.1**, Federal Regulations and CCME National Performance Standards, which apply to certain wastewater systems, set minimum effluent quality standards that are stricter than the Regulations currently in effect in Saskatchewan. The Federal Regulations and CCME National Performance Standards do not set design requirements for the applicable wastewater systems, therefore the Agency must set minimum design requirements to meet effluent quality standards set by CCME and the federal government.

[12] A downstream use and impact study assesses the potential impact the wastewater system will have on its surrounding environment.

6.1.3 Need to Ensure Timely Wastewater System Upgrades

If wastewater systems are not built according to plan, there is a risk that wastewater will be inadequately treated. Wastewater system owners contract professional engineers to design and oversee wastewater system constructions and expansions. Owners are required to submit to EPOs "as built" drawings prepared by the engineers after constructions and expansions are complete.

We found that for a sample of three constructions/expansions, the EPOs did not receive "as-built" engineering drawings as expected. However, EPOs appropriately followed up with wastewater system owners to request the drawings.

Similar to the findings reported in our *2013 Report – Volume 1*, Chapter 17, in some cases, the subdivision expansions approved under the "parallel growth policy" occurred without the requisite wastewater system upgrades taking place. Without the required upgrades, there is an increased risk that wastewater is not being properly treated. We also reported that the Agency did not have an enforcement policy for wastewater system owners that do not follow through with their upgrade commitments.

Since our *2013 Report – Volume 1* was issued, in July 2013, the Agency developed a Parallel Growth Compliance and Enforcement Protocol (Protocol) applicable to both waterworks and wastewater systems. The Protocol provides staff with enforcement actions for addressing wastewater system owners who do not follow the parallel growth agreements.

In 2 out of 10 parallel growth agreements, we found owners did not meet their upgrade commitments by the required deadline and the Agency did not take enforcement action. There are 10 other parallel growth agreements where the upgrade commitments deadline had not passed as of March 2014. Without timely wastewater system upgrades, inadequately treated effluent will continue to be discharged, negatively impacting the environment.

2. **We recommend that the Water Security Agency address non-compliance of wastewater system owners that do not upgrade wastewater systems for subdivision expansions.**

6.2 Improve Monitoring of Mechanical Wastewater Systems

6.2.1 Setting and Communicating Operational Requirements

EMPA 2002 requires the operation of public wastewater systems to be carried out through permits issued by the Agency. We found the Agency adequately communicated its operational requirements to wastewater owners and operators through permits and through information available to the public online at the SaskH20 website. As well, the Agency held various stakeholder meetings to communicate changes coming with the Federal Regulations and the CCME Strategy.

The Agency has made EPOs responsible for approving and issuing operating permits to wastewater system owners. Permits require wastewater systems to have certified operators working at them. We found that the level of operator certification required changes appropriately with the size and type of the system.

The Regulations, and the Agency's guidelines and permits, outline requirements (frequency and quality levels) for effluent sampling. We found that permit requirements vary based on the size of wastewater facilities, where they discharge (e.g., fish-bearing or non-fish-bearing waters), how often they discharge, and whether they are impacted by industrial activities.

The Regulations set specific limits for each key measure described in **Figure 4** and require wastewater operators to sample them.

Figure 4—Key Measures of Wastewater Treatment

Two key measures of wastewater treatment are:

Total suspended solids – refers to the particles of matter that may be present in wastewater, and can line the bottoms of rivers and destroy habitat for aquatic life.

Oxygen demand – refers to the amount of oxygen required to break down waste. This will impact the amount of oxygen available, in the discharged effluent, to support aquatic life.

Source: *The Water Regulations, 2002*, section 16(3)

The Regulations also require wastewater operators of both lagoon systems and mechanical systems to monitor wastewater effluent quality through the submission of effluent samples to independent labs for testing. These labs upload the effluent quality results into the Agency's wastewater system database (database). The Agency uses this database to update effluent quality results on the SaskH20 website.

Because lagoon systems typically discharge effluent only twice per year, lagoon system operators are required to submit samples to independent labs only at times of discharge. However, most mechanical wastewater systems in the province continuously discharge a large volume of effluent into the environment. Because of this, mechanical system operators are required to regularly submit effluent samples to independent labs for testing, as well as conduct daily on-site effluent testing.

6.2.2 Issuing Appropriate Operational Permits

The Agency uses detailed protocol and permit templates to help guide its EPOs through the permitting process. EPOs typically issue mechanical system operational permits for a two-year period and lagoon operational permits for up to a five-year period.

We found that EPOs appropriately issued operational permits and permits had consistent and appropriate requirements that aligned with permit templates and complied with the Regulations.

6.2.3 Better Monitoring Needed for Mechanical Wastewater Systems

As noted in **Section 2.0**, the Agency regulates 590 public wastewater systems. The Agency's inspection policy expects:

- Public wastewater systems to be inspected once per year except for non-discharging lagoon systems[13]
- Non-discharging lagoon systems to be inspected once every two years
- Re-inspection following a change to a wastewater system
- Inspection of all newly commissioned or expanded systems upon completion

We found the Agency completed the majority of its inspections as required by its policy.

EPOs complete checklists during inspections to determine whether operators meet permit requirements (operational terms and conditions). Using the checklist, EPOs inspect a number of areas as set out in **Figure 5**. For example, EPOs confirm that operators sample effluent as required (i.e., review on-site effluent testing and independent lab results). EPOs also look for upset conditions (i.e., instances where quality levels were not met in released effluent) that operators are required to report to the Agency.

We found the EPOs properly completed checklists for the three wastewater system inspections that we observed. As well, in our sample of 31 wastewater systems, we found that inspection checklists were completed as required.

Figure 5—Summary of Areas Covered During Inspections of Mechanical Wastewater Systems

- General (e.g., approved system, certified operator)
- Secondary Treatment Process (e.g., effluent quality demonstrated to meet permit requirements)
- Reporting (e.g., immediate reporting of an upset condition or exceedance)
- Disinfection (e.g., disinfection performed as per permit)
- Records (e.g., locations where samples are taken are appropriate, results of any tests and dates of discharge are documented)
- Testing (e.g., sampling is done as required)

Source: Water Security Agency's Inspection Report (See www.saskh20.ca)

As described in **Section 6.2.1**, because most mechanical wastewater systems in the province continuously discharge a large volume of effluent into the environment, the Agency requires testing for additional contaminants and more frequent testing for these systems. Effluent testing consists of both on-site testing and the regular submission of samples by wastewater systems owners to independent labs for testing.

In addition to the stricter effluent testing, we found the Agency requires Regina and Saskatoon (the largest mechanical systems in the province) to submit regular (i.e.,

[13] A non-discharging lagoon system is where the lagoon does not need to release wastewater into the environment because the lagoon volume exceeds the volume of wastewater being input.

monthly) effluent reports, which are regularly reviewed by EPOs. These effluent reports include more effluent testing detail (e.g., on-site effluent sample results) than the information uploaded to the Agency's database.

However, we found the Agency did not require other large mechanical wastewater systems, generally used in cities, to submit effluent reports throughout the year for EPO review. As well, EPOs only reviewed effluent testing results in the Agency's database during their annual inspections of these systems. The Agency did not use its database to automatically notify EPOs when effluent testing results indicated instances where effluent standards (e.g., total suspended solids or oxygen demand levels) were not met.

In addition, we found sampling is not being performed at some of the 17 mechanical systems as frequently as required and the effluent being discharged is not meeting the required quality levels in all cases. **Figure 6** shows the number of mechanical systems non-compliant with effluent sampling frequency and effluent quality.[14]

Figure 6—Number of Mechanical Wastewater Systems Non-Compliant with Effluent Sampling Frequency and Effluent Quality Requirements in 2013-14

Year of Inspection	Effluent Sampling Frequency Non-Compliance	Oxygen Demand Non-Compliance	Total Suspended Solids Non-Compliance
2013-14	4	2	8

Source: Based on mechanical system 2013-14 inspection reports available on SaskH20.
Note: Non-compliance can result from one or more missed effluent tests as required by the permit and effluent exceeding the required quality levels in one or more tests

Because most mechanical wastewater systems continuously discharge a large volume of effluent into the environment, lack of regular Agency reviews of effluent sampling results increases the risk that negative environmental impacts will go undetected and not be addressed in a timely manner.

3. **We recommend that the Water Security Agency require and review evidence that mechanical wastewater system owners are meeting effluent sampling requirements throughout the year.**

6.3 Report Identified Non-Compliance to the Public

6.3.1 Identifying Non-Compliance and Serious Risks

The Regulations require all discharging lagoon systems and mechanical wastewater systems to be annually inspected for compliance with their permit requirements. Following an inspection, an EPO discusses all identified issues in the inspection report with the wastewater system operator. Both parties sign the report as evidence that the discussion took place and the wastewater system owners receive a copy. We found that for the sample of inspection reports that we examined, reports were posted on the SaskH20 website in a timely manner.

[14] Effluent quality non-compliance is reflected by the number of mechanical systems that do not meet key wastewater treatment quality standards (i.e., oxygen demand and total suspended solids), as shown in **Figure 4.**

At March 2014, the Agency had identified issues for 81 wastewater systems (14% of the total). These wastewater systems had issues such as aging infrastructure in need of replacement, inadequate lagoon sizing due to growing populations, and inadequate effluent treatment. Management indicated the infrastructure changes required to fix these problems would cost wastewater owners millions of dollars. Management further indicated that it highlights to the Ministry of Government Relations those wastewater system owners that require financial support for infrastructure upgrades.

Our review of a sample of 31 inspection reports found the following non-compliance issues identified by the Agency. Wastewater owners failed to:

- Obtain a permit to construct a wastewater system.
- Employ a certified operator. A closer look into operator certification found that as of March 2014, 35 out of 590 wastewater systems did not employ a certified operator as required by their permits. All 35 non-certified operators were operating lagoon systems. The simplicity of operations decreases the risk to the environment.
- Perform required effluent sampling.
- Keep adequate on-site records of effluent sampling results.
- Report an upset condition.[15] The Agency expects prompt reporting by wastewater system operators of such conditions to ensure owners take prompt action to prevent the situation from continuing to occur.

We found that 2 out of 31 inspection reports we examined included instances of serious, ongoing non-compliance at mechanical systems that had led to improperly treated effluent being released into the environment. In these two instances, we saw evidence that the Agency is working with the owners to take steps to address the non-compliance problems. We noted that one owner was undertaking a wastewater system assessment to determine the needed actions. The assessment report is due to the Agency by June 2014. The other owner is required to construct or alter its wastewater system by December 2016 in order to meet effluent standards in the Regulations. The Agency helps minimize the negative impacts of these systems on the environment by requiring owners to take timely action on non-compliance.

6.3.2 Requiring Action on Non-Compliance with Operating Standards

The Agency has a Drinking Water and Wastewater Enforcement Protocol and Supplemental Compliance and Enforcement Protocol. These protocols outline actions the Agency should take for wastewater systems that have continued non-compliance with permit terms and conditions. Non-compliance can escalate from a verbal warning, to a notice of violation or a warning letter, to a sewage works protection order,[16] to an administrative penalty, and finally, to a formal charge.

[15] Upset conditions are instances where wastewater is discharged into a source of water before it is properly treated.
[16] EPOs issue sewage works protection orders (SWPOs) to the person responsible for a wastewater system to facilitate compliance with permits and to protect human health or the environment. SWPOs contain specific actions that must be taken by the person in charge of a wastewater system. Required actions vary, from suspending operation of a wastewater system, to extending or altering a wastewater system, to improving records and reports.

In all of the 31 wastewater system inspections we examined, we found the Agency took appropriate measures to mitigate the non-compliance problems identified.

6.3.3 Improve Non-Compliance Reporting to the Public

The Agency collects and stores data on inspection results and wastewater quality by individual wastewater system. We found the Agency shared inspection results in a timely manner and disseminated wastewater systems' effluent quality information to the public via the SaskH20 website.

Also, the Agency reports some wastewater information through its *2012/13 State of Drinking Water Quality Report*. For example, the Report indicates that approximately 120 Saskatchewan wastewater systems were identified as having a discharge that may reach surface water and represent a risk to source waters under certain conditions. This Report also provides statistics on annual enforcement activities the Agency has taken.

However, we found that the Report contains limited information explaining why the Agency has determined these 120 wastewater systems are a risk to the environment and what the Agency is doing to address these systems. The Agency does not provide summary information on the Agency's inspection findings on wastewater systems' non-compliance with permit terms and conditions. For example, the Report did not indicate the number of wastewater systems it found operating without a certified operator or not meeting effluent quality requirements.

4. **We recommend that the Water Security Agency report to the public on wastewater systems' non-compliance with permits.**

7.0 Selected References

Canadian Council of Ministers of the Environment. (2009). *Canada-Wide Strategy for the Management of Municipal Wastewater Effluent*. www.ccme.ca/ourwork/water.html?categoryid+81 (17 October 2013).

Environment Canada. (2012). *Municipal Wastewater Treatment Indicator*. www.ec.gc.ca/indicateurs-indicators/default.asp?lang-En&n=2647AF7D-1 (18 October 2013).

Environment Canada. (2012). *Wastewater Management*. www.ec.gc.ca/eu-ww/default.asp?lang=En&n=0FB32EFD-1 (21 March 2013).

Environment Canada. (2010). *Wastewater Pollution*. www.ec.gc.ca/eu-ww/default.asp?lang=En&n=6296BDB0-1 (17 October 2013).

Justice Canada. (2012). *Canadian Fisheries Act: Wastewater Systems Effluent Regulations*. www.laws-lois.justice.gc.ca/eng/regulations/sor-2012-139/FullText.html (17 October 2013).

Saskatchewan Environment. (2013). *State of Drinking Water Quality in Saskatchewan*. Regina: Department of Environment. www.saskh20.ca/WaterInformationFactSheet_Drinking_AnnualReports.asp (17 October 2013).

Follow Ups

Chapter		Page
16	Agriculture—Irrigation Infrastructure Maintenance	151
17	Central Services—Building Maintenance	155
18	Central Services—Planning Accommodation	159
19	Education—Grade 12 Graduation Rates	163
20	Education—Instruction Time	171
21	Environment—Regulating Reforestation	175
22	Highways and Infrastructure—Bridge Maintenance	181
23	Justice—Maintenance Enforcement	185
24	Labour Relations and Workplace Safety—Addressing Workplace Non-Compliance	189
25	Public Employees Benefits Agency—Information Technology Security	193
26	Saskatchewan Housing Corporation—Housing Maintenance	195
27	Saskatchewan Water Corporation—Maintaining Infrastructure	199
28	SaskPower—Gas and Electrical Installation Inspection	201
29	SaskPower—Procurement	207
30	Water Security Agency—Dam Safety	209

Chapter 16
Agriculture—Irrigation Infrastructure Maintenance

1.0 Main Points

As of February 28, 2014, the Ministry of Agriculture (Ministry) had implemented three recommendations and made some progress on two recommendations from our 2011 audit of its processes to maintain irrigation infrastructure at Lake Diefenbaker.

The Ministry needs to complete its long-term maintenance plan and provide regular reports on the results of maintenance activities to senior management for their review.

2.0 Introduction

The mandate of the Ministry is to foster a commercially-viable, self-sufficient, and sustainable agriculture and food sector.[1] In some parts of Saskatchewan, this involves irrigation.

The Irrigation Act, 1996, gives the Ministry authority to own irrigation infrastructure and/or grant financial assistance related to irrigation. This infrastructure has a recorded cost of about $62 million and a net book value of about $13.5 million.[2] In 2012-13, the Ministry spent about $8.1 million to operate, maintain, and administer irrigation infrastructure.[3]

In 2011, we assessed the Ministry's processes to maintain its irrigation infrastructure at Lake Diefenbaker. Our *2011 Report – Volume 2*, Chapter 3 concluded that the Ministry's processes to maintain irrigation infrastructure at Lake Diefenbaker were not effective. We made five recommendations.

This chapter describes our follow up of management's actions on the recommendations we made in 2011.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each recommendation and its status, the Ministry's actions up to February 28, 2014. We found that the Ministry has implemented three recommendations and has made progress on the remaining two recommendations.

---

[1] *Ministry of Agriculture 2012-13 Annual Report*, p. 5.
[2] Ministry of Agriculture Tangible Capital Asset Continuity Schedule as of March 31, 2013.
[3] *Ministry of Agriculture 2012-13 Annual Report*, p. 17.

3.1 Reliable, Current, Complete Information

We recommended that the Ministry of Agriculture regularly assess the condition of its irrigation infrastructure to facilitate maintenance planning and ensure it can supply irrigation water as needed. (2011 Report – Volume 2; Public Accounts Committee agreement April 10, 2013)

Status – Implemented

Asset management plans help identify and obtain the most current information about the condition of irrigation infrastructure. With this information, the Ministry can plan more effectively for maintenance, rehabilitation, or replacement of key components of its irrigation infrastructure over the longer term. This will help ensure the Ministry can supply irrigation water when and where it is needed.

In 2011, the Ministry had asset management plans in place for the East Side Pump Station, pipelines, and M1 Canal. Effective March 31, 2013, the Ministry transferred the ownership of the M1 Canal to the Water Security Agency.

In March 2012, the Ministry had completed asset management plans for its remaining assets at the Riverhurst and Luck Lake pump stations. These asset management plans included detailed inventory of all of the pump station's components, their condition, and risks related to their condition at the time of assessment. These plans also provided recommendations on how to improve weaknesses with the assets and estimated costs to repair or replace the assets over the short and medium term.

3.2 Documented Planning Processes for Maintenance

We recommended that the Ministry of Agriculture document its planning processes and its maintenance plan for its irrigation infrastructure. (2011 Report – Volume 2; Public Accounts Committee agreement April 10, 2013)

Status – Implemented

Documented maintenance plans and procedures are necessary to ensure the Ministry is able to effectively carry out maintenance activities, especially when experienced Ministry staff leave. Lack of documentation of the rationale for decisions to postpone maintenance may result in the Ministry missing critical maintenance when the demand for water is greater and the pressure on its irrigation infrastructure increases.

In October 2013, the Ministry implemented asset management software called the Saskatchewan Irrigation Information Management System (SIIMS). This software helps the Ministry track the irrigation assets it owns, determine the condition of assets and when maintenance is required, and report to management on maintenance activities performed during the year.

The implementation of SIIMS has allowed Ministry staff to create automated reminders for maintenance activities to be performed and create work assignments. Also, irrigation staff meet twice per year (once at the beginning of the irrigation season and once at the end) to outline maintenance issues, what action is required, who is responsible for ensuring the completion of the task, and when the task is to be completed. Finally, the Ministry has documented processes that staff are to follow when preparing the irrigation facilities for the beginning the season, any general maintenance that is required throughout the season, and the detailed requirements to be followed when closing the facilities for the season.

3.3 Long-Term Maintenance Plans Needed for Irrigation Infrastructure

We recommended that the Ministry of Agriculture set long-term irrigation objectives and use them to guide maintenance plans and priorities for its irrigation infrastructure. (2011 Report – Volume 2; Public Accounts Committee agreement April 10, 2013)

Status – Partially Implemented

Long-term irrigation objectives would help the Ministry select the right maintenance activities at the right time over the life of the irrigation infrastructure. This reduces the risk that irrigation infrastructure will become unreliable and will help keep future repair costs predictable.

The Ministry has drafted a Provincial Irrigation Strategy that will be part of the *25 Year Saskatchewan Water Security Plan* and is currently waiting for its approval. The four main goals and objectives of this plan are enhanced returns from existing irrigation, irrigation expansion, irrigation sustainability and long-term growth. Management indicated that they have begun implementation work that will meet the irrigation objectives within the Strategy.

The Ministry anticipates approval of its long-term maintenance plan by April 30, 2014.

3.4 Maintenance Documented

We recommended that the Ministry of Agriculture document its maintenance activities completed on irrigation infrastructure. (2011 Report – Volume 2; Public Accounts Committee agreement April 10, 2013)

Status – Implemented

Documenting maintenance activities allows the Ministry to demonstrate it is properly maintaining its irrigation infrastructure.

Since the implementation of SIIMS in October 2013, the Ministry has been able to create work orders within the system that outline maintenance procedures performed. These work orders outline who requested the maintenance, how long the maintenance activity is expected to take, the procedure performed, the reason for the procedure(s), and indicates who is signing off that the maintenance was completed.

3.5 Performance Monitoring Needed

We recommended that the Ministry of Agriculture require and review regular written reports on the results of its maintenance activities for irrigation infrastructure for review by senior management. (2011 Report – Volume 2; Public Accounts Committee agreement April 10, 2013)

Status – Partially Implemented

Written reporting is essential for senior management to make informed decisions that have a long-term impact on the condition of the irrigation infrastructure. Written information also provides a permanent record of the history of results of maintenance activities for irrigation infrastructure. Such records are important when experienced Ministry staff leave the organization.

In 2013, staff provided senior management with a report on the standard maintenance activities conducted during the operating season. Senior management also received a report on the annual pump station electrical testing and facility inspection, and a report prepared by a contractor on significant electrical repairs performed at the Riverhurst Pump Station.

The Ministry implemented SIIMS in October 2013. As the Ministry collects maintenance information using SIIMS over future operating seasons, staff should be able to prepare reports on the results of its maintenance activities, irrigation service disruptions, and changes in the condition of irrigation infrastructure over time. Once the long-term maintenance plan has been completed and documented within SIIMS, the Ministry should also be able to track the expected impact of not completing or deferring maintenance on irrigation infrastructure.

Chapter 17
Central Services—Building Maintenance

1.0 Main Points

The Ministry of Central Services (formerly the Ministry of Government Services) provides centralized support services to Government ministries and agencies, and manages an extensive portfolio of property.[1]

In this chapter, we report that the Ministry has addressed all five of the recommendations we made in our *2009 Report – Volume 1*, Chapter 6. These recommendations related to improvements to the Ministry's processes to maintain its buildings.

2.0 Introduction

As part of providing centralized support services, the Ministry is directly and indirectly involved in maintaining all of the buildings it owns and leases. For the year ended March 31, 2014, the Ministry estimated expenses of $180 million and recoveries of $169 million from ministries and agencies for the operation and maintenance of buildings.[2] The Ministry has 704 leased or owned buildings.[3] These buildings include office buildings, highway storage and repair buildings, healthcare facilities, technical schools, museums and art galleries, correctional centres, laboratories, courthouses, and historic properties. Without adequate building maintenance, the Ministry risks loss of asset value, poor quality of working space, potential health and safety problems, and the probability of higher repair costs in the future.

Our *2009 Report – Volume 1*, Chapter 6, concluded that the Ministry of Government Services did not have adequate processes to maintain its buildings. We made five recommendations. Our *2011 Report – Volume 1*, Chapter 5, reported that up to March 31, 2011, the Ministry had not completed action on all five recommendations. This chapter reports the results of our second follow-up.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each recommendation, the Ministry's actions up to January 31, 2014, and the status of the recommendation. We found that the Ministry has addressed our recommendations.

---

[1] Ministry of Central Services, *2012-13 Annual Report*, p. 5.
[2] Government of Saskatchewan, *2013-14 Estimates*, p. 42.
[3] Ministry of Central Services, *2012-13 Annual Report*, p. 5.

3.1 Accurate, Complete, and Available Information

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) establish and implement processes to ensure the information on its buildings is accurate, complete, and available. (2009 Report – Volume 1; Public Accounts Committee agreement February 2, 2010)

Status – Implemented

The Ministry manages its buildings using four different software systems. It must reconcile these systems to each other to ensure its information is accurate. The Ministry has documented and implemented its procedures to reconcile information on its four systems. The procedure requires the reconciliation process to be conducted annually.

Also, to help ensure building information is up to date following a completed project, the Ministry includes specific requirements for preparing and submitting project information in contracts with the related design consultants.

3.2 Adequate Maintenance Plans

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) approve adequate maintenance plans for all the buildings the Ministry owns. (2009 Report – Volume 1; Public Accounts Committee agreement February 2, 2010)

Status – Implemented

The Ministry has approved adequate maintenance plans for all buildings it owns.

3.3 Adequate Agreements with Clients

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) sign adequate agreements with its clients that describe each of the parties' responsibilities. (2009 Report – Volume 1; Public Accounts Committee agreement February 2, 2010)

Status – Implemented

The Ministry has signed adequate agreements with its clients. These agreements outline the responsibilities of both parties with respect to minor, major, and preventative maintenance. The Ministry indicated that it is negotiating an agreement with one client.

For this building, the Ministry conducted an inspection in 2013 and has developed a maintenance plan. It expects to have a signed agreement in place by May 31, 2014.

3.4 Processes for Effective Maintenance

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) have processes so that maintenance is effectively carried out on all of its buildings. (2009 Report – Volume 1; Public Accounts Committee agreement February 2, 2010)

Status – Implemented

The Ministry has established effective building maintenance processes for all of its buildings. The Ministry provides all maintenance on the majority of its buildings. When an agreement has been made where a client is responsible for some maintenance, the Ministry conducts annual building inspections to ensure that maintenance is being carried out as agreed. The Ministry has adequate follow-up procedures.

3.5 Adequate Monitoring of Reports

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) provide senior management adequate reports to monitor the process to maintain its buildings. (2009 Report – Volume 1; Public Accounts Committee agreement February 2, 2010)

Status – Implemented

The Ministry prepares preventative maintenance reports each month. Senior management reviews them on a monthly basis. As well, the Ministry prepares exception reports that list any overdue maintenance activities and provides them to senior management on a monthly basis. These reports contain sufficient information to enable senior management to monitor its maintenance processes.

Chapter 18
Central Services—Planning Accommodation

1.0 Main Points

The Ministry of Central Services (formerly the Ministry of Government Services) provides centralized support services to Government ministries and agencies, and manages an extensive portfolio of property.[1]

Our *2011 Report – Volume 1*, Chapter 5, included six recommendations related to improving the Ministry's processes to plan accommodations for its client agencies (e.g., ministries). By January 2014, the Ministry had implemented two recommendations, made progress on two recommendations, and did not make progress on the other two. The Ministry needs to complete its gap analysis between existing and future accommodation needs so that it can develop an overall accommodation plan. Once a plan is developed, it will then be able to monitor and report on its implementation. The gap analysis will help the Ministry ensure it can appropriately meet the accommodation needs of its clients in a timely and economical manner.

2.0 Introduction

As part of providing centralized support services, the Ministry is involved in accommodation planning, which includes providing appropriate space for its client government agencies[2] (clients), and the programs and services that those agencies deliver. Accommodation planning includes planning for the acquisition, alteration, repair, maintenance, management, operation, and disposal of real property.

The Ministry is responsible for 704 buildings in 154 communities, with a total replacement value of $3.45 billion for the buildings it owns.[3] These buildings include office buildings, highway storage and repair buildings, healthcare facilities, technical schools, museums and art galleries, correctional centres, laboratories, courthouses, and historic properties. Without adequate processes to plan for accommodation, clients could be hindered in delivering services and programs. As well, inadequate processes could result in space not being optimally used, resulting in inefficiencies and unnecessary costs.

Our *2011 Report – Volume 1*, Chapter 5, concluded that the Ministry of Government Services had adequate processes to plan accommodations for client agencies for the year ended March 31, 2011, except that the Ministry needs to prepare an overall accommodation plan and monitor implementation of the plan. We made six recommendations. This chapter reports the results of our first follow-up of the Ministry's progress in implementing those recommendations.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's

[1] Ministry of Central Services, *2012-13 Annual Report*, p. 5.
[2] This includes government ministries and other agencies such as the Conexus Arts Centre, Government House Foundation, and the MacKenzie Art Gallery.
[3] Ibid.

progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each of the six recommendations, the Ministry's actions up to January 31, 2014, and the status of each recommendation. We found the Ministry implemented two recommendations, made progress on two recommendations, and had not made progress on the other two recommendations.

3.1 Identify Accommodation Needs

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) specify in its policy documents the requirement to prepare an overall accommodation plan, including a risk assessment. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

Status – Implemented

In February 2012, the Ministry approved a policy that requires an overall accommodation plan, including an overall risk assessment. The Ministry also developed accommodation planning guidelines. These guidelines outline the steps required to develop an accommodation plan. Steps include an overall risk assessment to address key risks. Also, the guidelines require the submission of an annual report to Ministry senior executives. The annual report must summarize the overall accommodation needs by portfolio, the state of the gap of allocation to needs, and the key strategies to address gaps.

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) regularly request information from clients on their future accommodation needs. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

Status – Implemented

The above-mentioned guidelines require the Ministry to request information, at minimum annually, from clients regarding their accommodation needs. The Ministry receives annual updates from its clients on their current and future accommodation requirements.

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) identify the gap between its existing accommodation portfolio and future accommodation needs. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

Status – Partially Implemented

The Ministry is working with clients to identify gaps between its existing accommodation and future accommodation needs. The Ministry expects to complete this analysis by the end of 2014. The Ministry needs this analysis to ensure that it can appropriately meet the accommodation needs of its clients in a timely and economical manner.

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) verify staffing information provided by its clients for the Ministry's buildings. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

Status – Partially Implemented

The Ministry requires its clients to provide annual updates on the number of full-time equivalent employees for each building. The Ministry requests that a financial services representative from each client sign off on the annual update form. However, the Ministry did not advise its clients of the purpose of the additional sign-off.

Also, our review of the completed forms noted that financial services representatives did not always sign the forms. The Ministry needs to ensure that the information provided by its clients is accurate so that the Ministry can adequately plan for changes in clients' accommodation needs, and ensure that accommodation space is used effectively and efficiently.

3.2 Develop Accommodation Plan

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) develop an overall accommodation plan. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

Status – Not Implemented

As mentioned in **Section 3.1**, by January 31, 2014, the Ministry had not completed the gap analysis between its existing and future accommodation needs. The Ministry expects to use this information in the development of an overall accommodation plan. It anticipates completing and approving the overall plan by December 31, 2014.

3.3 Monitor Implementation of Plan

We recommended that the Ministry of Central Services (formerly Ministry of Government Services) monitor and report on implementation of an overall accommodation plan. (2011 Report – Volume 1; Public Accounts Committee agreement August 28, 2012)

Status – Not Implemented

Once the accommodations plan is complete, the Ministry plans to regularly monitor and report on its implementation. As mentioned in **Section 3.1**, the Ministry's accommodation planning guidelines require annual reporting to senior Ministry executives.

Chapter 19
Education—Grade 12 Graduation Rates

1.0 Main Points

The Ministry of Education (Ministry) is responsible for setting objectives and providing direction for early learning, elementary, and high school education. In our *2012 Report – Volume 1*, Chapter 2, we concluded that the Ministry did not have effective processes to increase Grade 12 graduation rates above the 2004-05 baselines. For students entering Grade 10 between 2004-05 and 2009-10, the overall provincial Grade 12 graduation rate decreased 1.9% (from 75.6% to 73.7%).

In this chapter, we report by January 31, 2014, the Ministry has partially implemented three of the ten recommendations, and although it is working on the remaining seven, it has not yet implemented them. The Ministry, collaboratively with school divisions, is working towards finalizing and implementing an Education Sector Strategic Plan. It expects this will be a multi-year plan focused on specific outcomes and achievement of goals, including improving Grade 12 graduation rates across Saskatchewan. The Ministry has not yet identified and analyzed the reasons for changes in graduation rates, nor has it identified the most effective education strategies that could influence student achievement and Grade 12 graduation rates.

2.0 Introduction

In our *2012 Report – Volume 1*, Chapter 2, we reported that the Ministry did not have effective processes to increase Grade 12 graduation rates above the 2004-05 baselines. We made ten recommendations. This chapter describes our follow-up of management's actions on those recommendations.

For the purposes of this chapter, "school divisions" include public schools, separate schools (i.e., Catholic), and the conseil scolaire (French language schools).[1]

The Ministry is responsible for setting objectives and providing direction for early learning, elementary, and high school education. As reflected by its two goals related to Grade 12 graduation, the education of young people is a priority for the Government:

- To lead the country in Grade 12 graduation rates by 2020[2]
- To reduce the difference in graduation rates between Aboriginal and non-Aboriginal students by 50% by 2020[3]

Figure 1 shows Grade 12 completion rates for students in Saskatchewan over the 10-year period of 2000 to 2010. It shows a large difference in graduation rates for students who have identified themselves as First Nations, Métis, and Inuit students, as compared to all students.

[1] *The Education Act, 1995* defines school divisions as public and separate school boards only.
[2] *Saskatchewan Plan for Growth: Vision 2020 and Beyond*, p. 5.
[3] Ibid., p. 4.

Graduating from Grade 12 is an important personal goal with broad societal implications. On a personal level, students who do not complete Grade 12 have fewer work opportunities, less income, and ultimately poorer health. Over the long term, Grade 12 graduation rates affect the size of the skilled workforce and the provincial economy.

Figure 1—Trends for Persistence to Complete Grade 12

Percentage of students[4] in a cohort[5] entering Grade 10 in the year shown who complete Grade 12 within three, four, or five years

Entered Grade 10	Graduated within 3 years		Graduated within 4 years		Graduated within 5 years	
	All	FNMI[6]	All	FNMI	All	FNMI
2000-01	73.1	29.0	78.0	39.6	79.7	46.4
2001-02	73.2	27.4	77.8	37.8	79.7	43.9
2002-03	73.9	28.9	78.7	38.8	80.5	46.0
2003-04	75.0	30.8	79.0	39.9	80.4	44.9
2004-05	75.6	31.5	79.7	41.1	81.4	47.1
2005-06	73.8	31.3	78.4	41.5	80.2	47.2
2006-07	74.6	31.8	79.5	43.2	81.3	48.5
2007-08	74.3	33.0	79.1	43.6	81.2	49.7
2008-09	72.7	32.9	77.6	42.9	n/a	n/a
2009-10*	73.7	35.9	n/a	n/a	n/a	n/a

Source: *Ministry of Education 2012-13 Annual Report*, p. 10
* This is the most current data available at January 31, 2014

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each recommendation, the Ministry's actions up to January 31, 2014, and the status of the recommendation. At March 31, 2014, the Standing Committee on Public Accounts has not yet considered the recommendations.

We found that the Ministry has partially implemented three recommendations and although it is working on the remaining seven, it has not yet implemented them.

[4] Data includes students in provincially funded, Independent, and First Nations schools.
[5] Grade 10 cohort consists of students having marks (pass or fail) in at least two Grade 10 subjects and enrolled in Grade 10 for the first time.
[6] Self-declared First Nations, Métis, and Inuit Students.

3.1 Need to Use Legislative Authority to Set Direction

We recommended that the Ministry of Education use its legislated authority to direct school divisions toward improved Grade 12 graduation rates. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Partially Implemented

The Ministry continued to provide strategic direction to school divisions through the Continuous Improvement and Accountability Framework (CIAF).[7] In fall 2013, the Ministry initiated a new method of planning, deployment, and reporting which replaces the CIAF. Under the new method, the Ministry expects to have one overall plan for the education sector—the Education Sector Strategic Plan (ESSP)—as well as detailed plans for each school division and the Ministry. The Ministry expects that the ESSP will be a multi-year plan focused on specific outcomes and achieving goals set in the *Saskatchewan Plan for Growth: Vision 2020 and Beyond*. The detailed plans are expected to support the actions required under the ESSP. The Ministry anticipates holding schools, school divisions, and Ministry management accountable for meeting targets set through the ESSP.

The Education Act, 1995 (Act) gives full authority to the Minister of Education to direct elementary and secondary education. School divisions must comply with provincial laws, regulations, and Ministry directives. By using its legislated authority to provide directions to school divisions, the Ministry can guide school divisions towards improved Grade 12 graduation rates and equitable opportunities for all Saskatchewan students.

3.2 Need to Set Measures for Student Progress

We recommended that the Ministry of Education clearly state what should be measured and how it should be measured to assess student progress/achievements that significantly contribute to Grade 12 graduation. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Partially Implemented

The Ministry announced the Student Achievement initiative on May 16, 2012. Through this initiative, it pledged to provide students, parents, and teachers with information about student achievement.

The Ministry has identified aspects of this initiative that are linked to successful graduation (e.g., measuring readiness for school, early reading and number sense, and mathematics and problems solving). The Ministry is measuring both readiness for

[7] The Ministry of Education's *PreK-12 Continuous Improvement and Accountability Framework: A Guide for School Division Strategic Planning and Accountability 2012-2013* defines the Ministry's Continuous Improvement and Accountability Framework as the accountability framework for Saskatchewan's education sector. Its purpose is to increase the achievement of all students and to eliminate inequitable performance and achievement outcomes for First Nations and Métis students.

school and grades 1-3 reading levels. It placed the remainder of the assessments on hold pending the outcomes of the Student First consultations and the development of the ESSP. The Student First consultations are a province-wide consultation process to gather feedback from students, teachers, parents, and the broader education sector on how to improve the education system by putting students first.[8] In addition, it expects to develop the ESSP in collaboration with school divisions. This process is to include choosing metrics and measures used to report progress towards meeting targets.

3.3 Need to Set Targets for Graduation Rates

We recommended that the Ministry of Education set short and long-term targets for increasing Grade 12 graduation rates. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Partially Implemented

As noted earlier, the Government's *The Saskatchewan Plan for Growth: Vision 2020 and Beyond* sets out two long-term goals for improving graduation rates. These goals include its targets. It includes additional goals related to the Ministry of Education – developing a standardized assessment model,[9] and increasing the number of Grade 3 students reading at grade level[10] by 20% by 2015.[11]

As part of the development of the ESSP, the Ministry stated that it is working with its education partners to clarify the strategic direction for the education system and determine expectations, including setting short- and medium-term targets for increasing Grade 12 graduation rates. At January 2014, the Ministry had set some targets for increasing Grade 12 graduation rates; however, work remains. Specific short-term targets for improved Grade 12 graduation rates would help the Ministry identify priorities. Specific targets and priorities for the education system would help the Ministry communicate clear direction and promote achievement of incremental progress towards the overall long-term targets.

3.4 Need to Identify Key Effective Strategies

We recommended that the Ministry of Education identify practical, key strategies that have proven effective in Saskatchewan and other jurisdictions to strengthen student achievement and increase Grade 12 graduation rates. 2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

[8] www.education.gov.sk.ca/student-first (24 February 2014).
[9] *Saskatchewan Plan for Growth: Vision 2020 and Beyond*, p. 60.
[10] Reading at grade level means that the student meets established criteria developed to assess reading levels.
[11] Ibid., p. 61.

The Ministry indicated that it has started developing a framework to identify the key drivers of student achievement. It expects this framework to be a part of the ESSP, which is in the process of being approved at the board level of each school division and is expected to be finalized in March 2014. To identify practical, key strategies, the Ministry advised that it plans to work with school divisions experiencing success in the areas identified as key drivers of student achievement, and then share these strategies with other school divisions.[12]

3.5 Need to Direct School Divisions to Use Key Effective Strategies

We recommended that the Ministry of Education direct school divisions to use key effective strategies (once identified by the Ministry) that have proven practical for overcoming the most significant risks of school divisions affecting student achievement and for increasing Grade 12 graduation rates. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

The Ministry indicated that it plans to use information from a province-wide survey tool, "*Tell Them From Me*" that will collect information from students and teachers. This survey tool is planned to be fully implemented by the fall of 2014. The Ministry plans to use this information to improve student engagement, as a path to improving graduation rates.

As discussed in **Section 3.4**, the Ministry has not yet identified key effective strategies. Until it has done so, it cannot provide school divisions with direction on which strategies to use to overcome the most significant risks for increasing Grade 12 graduation rates. Also, as noted in **Section 3.4**, the Ministry plans to work with school divisions experiencing success in the areas identified as key drivers of student achievement (prototypes), and then share these strategies with other school divisions. Identifying and implementing the use of key effective strategies could make student achievement more consistent across the province and help improve Grade 12 graduation rates.

[12] The Ministry refers to this process as "prototype and spread". This means that school divisions with effective strategies in place will be used as "prototypes" that can be "spread" to other school divisions.

3.6 Need to Assess Planned Use of Key Effective Strategies

We recommended that the Ministry of Education review each school division's Continuous Improvement Plan and assess its planned use of key effective strategies before approving the school division's budget for the related school year. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

In the past, school divisions submitted and the Ministry reviewed Continuous Improvement Plans. With the planned change in methodology to ESSP, the Ministry intends to ensure accountability by meeting regularly with school divisions and reviewing the status of progress to meet sector targets. Without a timely review of school divisions' plans, the Ministry will not know if school divisions plan to spend public money on student education as intended (e.g., by following Ministry directives to use key effective strategies to improve student achievement).

3.7 Need to Assess Achievement of Planned Outcomes

We recommended that the Ministry of Education review each school division's Continuous Improvement Report and assess if it is achieving its planned outcomes. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

The Ministry meets with school divisions annually to discuss significant issues, including student achievement and progress on graduation rates.

Starting in spring 2013 and going forward, the Ministry stopped utilizing the Continuous Improvement Report.[13] Instead, the Ministry and school divisions expect to use the annual reports of school divisions as the primary tool of assessing their progress over the preceding year. As the Ministry implements the improvements noted in **Section 3.3**, planned outcomes and targets will be included within school division annual reports and be available as a means to assess the achievements and progress of school divisions. In addition, the Ministry plans to have regularly scheduled meetings with school divisions to review the status of progress towards meeting targets.

If the Ministry does not review school division progress in achieving goals, there is a risk that it will not provide appropriate guidance and supports to school divisions to achieve the overall goals of the education system.

[13] The Continuous Improvement Report was a report submitted by school divisions to the Ministry that presented evidence of progress in meeting expected outcomes and that provided direction for subsequent plans.

3.8 Need to Report and Analyze Critical Risks

We recommended that the Ministry of Education require school divisions to report critical risks limiting student achievement and that the Ministry analyze provincial progress in reducing critical risks. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

The Ministry has not required school divisions to report critical risks that limit student achievement. For example, poor school attendance limits student achievement.

Reporting critical risks would help the Ministry (and school divisions) identify probable causes, as well as provincial opportunities for corrective actions to overcome them. With this information, the Ministry could also analyze provincial progress in reducing critical risks.

3.9 Need to Analyze and Report on Use of Key Effective Strategies

We recommended that the Ministry of Education analyze and report whether school divisions use key effective strategies that could influence Grade 12 graduation rates. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

As noted in **Sections 3.4** and **3.5**, the Ministry plans to work with "prototype" school divisions, and then share these strategies with other school divisions. After it identifies key effective strategies and directs school divisions to use them, the Ministry can analyze and report on use of key effective strategies.

The Ministry needs to know what key factors are influencing student achievement and graduation rates. Central analysis and interpretation will make the data more useful for directing the education sector towards improved student achievement. This analysis could help the Ministry give direction to school divisions on the most effective strategies to improve student achievement and graduation rates.

3.10 Need for Public Reporting

We recommended that the Ministry of Education publicly report the major reasons for differences in the graduation rates of all school divisions and schools. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

The Ministry advised that it is considering recommendations from a sector working group to ensure attribution of graduation rates to school divisions fairly represents time spent and progress accomplished when students transition between school divisions. The Ministry feels that this is necessary to strengthen how it measures student progress before addressing this recommendation.

Careful analysis of differences in graduation rates between schools would determine what corrective actions are required. Without an analysis of the reasons for differences in graduation rates in all school divisions and schools, the Ministry cannot take appropriate action (e.g., realign resources or monitor progress more closely).

School divisions, leaders in the education sector, and the public could use this information to provide support to students, teachers and communities to achieve higher Grade 12 graduation rates.

Chapter 20
Education—Instruction Time

1.0 Main Points

In our *2009 Report – Volume 3,* we reported on the Ministry of Education's (Ministry) processes to achieve school division compliance in delivering student instruction time as required by the Minister, and made four recommendations. We reported our first follow-up of this audit in our *2011 Report – Volume 2* and found that the Ministry still had work to do to meet our recommendations. This chapter reports our second follow-up of actions taken by the Ministry on the four outstanding recommendations.

As of January 31, 2014, the Ministry had implemented one recommendation. The Ministry has set a definition of "instruction time" that will help to clarify expectations for delivery of the core curriculum. The Ministry still needs to monitor whether school divisions meet the Ministry's requirement for instruction time, require school divisions to report publicly on their related performance, and take necessary corrective actions.

2.0 Introduction

The Ministry of Education sets the provincial core curriculum that provides guidance on what students are to learn and when they are to learn it. The core curriculum includes seven required areas of study. The Ministry sets a required time allocation for instruction for each of these areas of study. If the Ministry does not have effective processes to provide guidance to the school divisions for delivering required student instruction time, students are less likely to receive the required number of instruction hours. It is also more likely that students in different school divisions will receive different hours of instruction.

Our *2009 Report – Volume 3*, Chapter 4 reported that, for the year ended September 30, 2009, the Ministry of Education did not have adequate processes to achieve school division compliance in delivering student instruction time as required by the Minister. We made four recommendations. In our first follow-up (reported in our *2011 Report – Volume 2*, Chapter 5), we found the Ministry had taken some action on the recommendations, but still had work to do.

This chapter reports the results of our second follow-up to assess the Ministry's progress in addressing our past recommendations.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation, the Ministry's actions up to January 31, 2014, and the status of the recommendations, including the date on which the Standing Committee on Public Accounts agreed to the recommendation.

We found that while the Ministry has implemented one recommendation, it still has work to do to meet the remaining three.

3.1 "Instruction Time" Defined

We recommended that the Ministry of Education define "instruction time" to set clear expectations for delivery of the core curriculum. (2009 Report – Volume 3; Public Accounts Committee agreement May 12, 2010)

Status – Implemented

In December 2012, *The Education Regulations, 1986* (Regulations) were amended to include a definition of instructional time. As per Regulations section 20.4,

> *Instructional time is any time in which pupils of a school are in attendance under teacher supervision for the purpose of receiving instruction in an education program, including work experience programs, parent-teacher-pupil conferences, examinations, and other learning activities provided by the board of education or conseil scolaire.*

The Regulations also define non-instruction time and establish requirements for the number of hours of instructional time for each school year (i.e., 950 hours for grades 1-12 and 475 hours for kindergarten). The Ministry communicated these changes to school divisions for the 2013-14 school year.

3.2 Require School Divisions to Publicly Report

We recommended that the Ministry of Education require school divisions to publicly report on their performance in meeting the Ministry's instruction time requirements. (2009 Report – Volume 3; Public Accounts Committee agreement May 12, 2010)

Status – Not Implemented

The Regulations require Boards of Education to notify the Minister of Education and publish their school calendar before the start of the school year. The Regulations also require the school calendars to include holidays, vacation periods, school hours of operation, kindergarten hours of operation, instructional days, and non-instructional days. Starting with the 2013-2014 school year, all school divisions had a calendar that

outlined holidays, instructional, and non-instructional days. However, these calendars do not set out requirements for instruction time by subject, or school hours of operation.

The Ministry has not required school divisions to report publicly on whether schools are providing the required instruction time in all subjects. As a result, the Ministry does not know if school divisions are meeting the required time allocations for instruction for the seven required areas of study. If school divisions are not delivering the required student instruction time, students are more likely to receive different amounts of instruction between school divisions. These factors negatively affect the quality of education that students in Saskatchewan receive.

3.3 Monitor Compliance with Core Curriculum Requirements

We recommended that the Ministry of Education monitor for all core curriculum areas of study the extent to which school divisions meet the Ministry's requirements for instruction time. (2009 Report – Volume 3; Public Accounts Committee agreement May 12, 2010)

Status – Not Implemented

As of January 31, 2014, the Ministry did not have processes to monitor the extent to which school divisions meet the Ministry's requirements for instruction time in core curriculum areas of study. The Ministry advised that, at January 31, 2014, it did not have the capacity to capture instruction time information for core areas of study in school divisions. The Ministry is looking into options for how to do this going forward. If the Ministry does not monitor whether school divisions are meeting its requirements for instruction time, it cannot determine whether students are receiving sufficient and consistent instruction for all of the core curriculum areas of study.

3.4 Take Corrective Action Where Necessary

We recommended that the Ministry of Education take corrective action where necessary to improve school division compliance with the Ministry's requirements for instruction time. (2009 Report – Volume 3; Public Accounts Committee agreement May 12, 2010)

Status – Not Implemented

As outlined in **Section 3.3**, the Ministry needs to monitor compliance with the seven core curriculum areas of study to determine whether school divisions are meeting its requirements. The Ministry needs this information to determine whether corrective action is necessary and to direct school divisions as needed. Student performance could be negatively affected as a result of insufficient instruction time. As of January 31, 2014, the Ministry had not taken action on this recommendation.

Chapter 21
Environment—Regulating Reforestation

1.0 Main Points

Since 2012, the Ministry of Environment (Ministry) has addressed three recommendations originally made in our 2009 audit of its processes to regulate reforestation and has made progress towards implementing the remaining three recommendations.

The Ministry has a plan to guide its reforestation and is reporting on its reforestation activities both internally and externally. In addition, it is better monitoring forestry operators' compliance with reforestation requirements. However, by March 2014, the Ministry had not yet streamlined its process for adjusting the forest management fees for areas outside of Forest Management Agreements to ensure that the fee rate is adequate to cover the cost of reforestation. Also, the Ministry needs to complete its processes to monitor operators' compliance with reforestation requirements for 2011 and 2012.

2.0 Introduction

The Ministry is responsible for managing the province's landscapes and renewable natural resources. This includes responsibility for the sustainable use of the forest for the benefit of current and future generations. Reforestation is an important part of sustainable forest use, allowing a sustained flow of forest products and maintaining forest ecosystem health. In 2012-13, in addition to its regulatory activities, the Ministry spent $2.8 million on reforestation of historical harvest areas that are the Government's responsibility.[1]

The Ministry regulates reforestation by issuing several types of licenses and permits, including Forest Management Agreements (FMAs), Non-FMA Area Term Supply Licenses (TSLs), and Forest Products Permits. Adequate reforestation through use of licensing helps ensure that the forest will regenerate promptly and with the right kind of trees.

Our *2009 Report – Volume 3*, Chapter 6 concluded that the Ministry of Environment had adequate processes to regulate reforestation of the provincial forest on Crown land as of June 30, 2009 except for the lack of:

- Processes to set reforestation fees at levels to cover reforestation costs
- Monitoring of forest operators' compliance with reforestation requirements
- Verification of reforestation fees and use of those fees
- A communication strategy to inform stakeholders about the effectiveness of reforestation and regular reports to oversee proper reforestation

[1] Ministry of Environment, *2012-13 Annual Report*, p. 35.

We made seven recommendations.

Our first follow-up, reported in our *2011 Report – Volume 2*, Chapter 8, found that by March 2011, the Ministry had made some progress on these recommendations. By March 31, 2012, the Ministry had implemented one recommendation. This chapter reports the results of our second follow-up of the remaining six recommendations.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each recommendation, context for the recommendation (in italics), the Ministry's actions up to March 31, 2014, and the status of the recommendations. We found that the Ministry has implemented three recommendations and made progress on the remaining three.

3.1 Need to Set Out Reforestation Requirements

We recommended that the Ministry of Environment establish processes for setting reforestation terms and conditions and for approving forest product permits. (2009 Report – Volume 3; Public Accounts Committee agreement June 25, 2010)

Status – Partially Implemented

Using consistent processes to set reforestation terms and conditions, and approving forest product permits (FPPs) helps ensure the Ministry only issues FPPs to reputable, financially-viable companies. Lack of standard, documented reforestation terms increases the risk that inappropriate reforestation terms are included in FPPs.

Since 2011, the Ministry has implemented a digital-permitting system that enables reforestation terms to be added to FPPs. However, the Ministry lacks standard, documented reforestation terms to include in FPPs.

We recommended that the Ministry of Environment establish processes to set reforestation fees at a level to cover reforestation costs. (2009 Report – Volume 3; Public Accounts Committee agreement June 25, 2010)

Status – Partially Implemented

The Ministry requires forestry companies set aside money (called reforestation fees) in reforestation trust funds to cover the costs associated with reforestation of harvested

areas. If fees are not set at a sufficient level, then taxpayers must cover the costs of reforestation. Having a process to set appropriate reforestation fees helps ensure the Ministry determines future reforestation costs and sets fees at a level to cover those costs. Lack of such a process increases the risk that taxpayers will be required to pay for the shortfall.

In 2011, the Ministry approved a new forestry directive on the calculation and assessment of forest management fees on the FMA and TSL-licensed areas. By March 2014, the Ministry had consulted with every FMA and established new reforestation fees for two of the four FMA areas. It was also in the process of reviewing the other two FMA areas.

The Ministry is exploring options to enable a more flexible process for adjusting reforestation fees in areas outside of FMAs so that they cover reforestation costs. The Ministry has not amended the rates set out in *The Forest Resources Management Regulations* for non-FMA area TSLs and permits since 1999.

3.2 Plan to Ensure Proper Reforestation Set

We recommended that the Ministry of Environment set a formal plan to ensure proper reforestation of the forest. (2009 Report – Volume 3; Public Accounts Committee agreement June 25, 2010)

Status – Implemented

Formal reforestation plans outline planned and future reforestation treatment activities, types of treatment to occur, and when treatment will be completed. These plans help ensure proper reforestation of Not-Sufficiently-Regenerated (NSR) forests that the Government is responsible for.

The Ministry produces rolling five-year plans annually for identified NSR forests, and provides periodic updates on progress made. The Ministry is using the Forest Service Renewal Program to address its backlog of NSR lands that the Government is responsible for remediating.

The Ministry recently completed aerial surveys to begin determining the remaining NSR lands (potentially 800 hectares, or less than 1% of total harvested area). Once it has completed ground reconnaissance to help determine the extent of remediation needed, it plans to incorporate these remaining NSR forests into its Forest Service Renewal Program.

3.3 Need to Monitor Forest Operators' Reforestation Activities

We recommended that the Ministry of Environment establish processes to monitor operators' compliance with reforestation requirements. (2009 Report – Volume 3; Public Accounts Committee agreement June 25, 2010)

Status – Partially Implemented

The Ministry must have a process to sufficiently monitor operators' compliance with the requirements set as terms and conditions of their licenses. Lack of such a process increases the risk of forest ecosystems deteriorating and the quality of merchandisable forest products decreasing.

Since 2011, the Ministry has developed a series of forestry directives. These directives give Forest Service staff guidance on monitoring operators' compliance with reforestation requirements. Also, the Ministry requires FMAs and TSLs to submit a regeneration assessment survey on an annual basis within a specified timeframe. The Ministry has not been receiving these surveys as timely as it requires. Once received, the Ministry does evaluate these surveys for accuracy and completeness. If the submitted regeneration assessments are not accurate or complete, it investigates why.

Since 2011, FMAs and TSLs have submitted regeneration assessment surveys to the Ministry. At March 2014, the Ministry had not completed its evaluations of all 2011 and 2012 annual surveys. It expects to complete this work using the forestry directives during its 2014 field season.

3.4 Report on Reforestation Activities Received

We recommended that senior management of the Ministry of Environment receive regular reports with adequate information to properly oversee and regulate reforestation. (2009 Report – Volume 3; Public Accounts Committee agreement June 25, 2010)

Status – Implemented

To properly oversee and regulate reforestation activities, management needs regular information about the level of operators' compliance with reforestation requirements, how much operators paid into forest management and forest trust funds, what was spent out of those funds, and for what.

The Ministry approved a silviculture[2] reporting directive in December 2013. The directive describes what information about reforestation activities to report, how often, and from

[2] Silviculture is the practice of controlling the establishment, growth, composition, health, and quality of forests to meet diverse needs and values.

and to whom. The directive requires Forest Service Branch staff to submit to senior management an annual report on its reforestation. The annual report is to contain various summaries on reforestation indicators (e.g., status of NSR, forest trust fund financial activities and silviculture-related inspection results), recommendations to guide future policy development, and planned actions to address findings that indicate a potential compliance issue.

Although the directive was only recently approved, a draft has been in place and in use since 2011. Our review of the 2012 and 2013 annual reports shows that the Ministry has been receiving annual reports that include information required by the directive.

We recommended that the Ministry of Environment develop a communication strategy to inform stakeholders about the effectiveness of reforestation activities in the province. (2009 Report – Volume 3; Public Accounts Committee agreement June 25, 2010)

Status – Implemented

Public reporting makes the public aware of Government and industry responsibilities for reforestation, and the regeneration status of Saskatchewan's forests.

As previously noted, the Ministry approved a silviculture reporting directive in December 2013. The directive requires the annual report to be posted on the Ministry's website.

We found that the Ministry has included on its website a page that outlines reforestation in Saskatchewan, as well as links to documents that discuss the regeneration status of Saskatchewan's forests.

Chapter 22
Highways and Infrastructure—Bridge Maintenance

1.0 Main Points

The Ministry of Highways and Infrastructure (Ministry) has worked towards addressing all four recommendations that we made in our 2011 audit of its processes to maintain bridges on provincial highways.

The Ministry has implemented two recommendations, and has more work to do on the remaining two. The Ministry needs to complete the process of entering bridge inspection information into the Bridge Management System and keep it up to date, and ensure that it receives and reviews reports on the results of bridge inspection and maintenance activities.

2.0 Introduction

The Ministry is responsible for all matters related to bridges on the provincial highway system, including the maintenance of those bridges. Bridges are classified by the Ministry using two general categories: minor[1] and major.[2] It has about 630 minor bridges and 170 major bridges. Properly maintaining these bridges helps keep the transportation system safe and supports Saskatchewan's economy.

This chapter describes our first follow-up of management's actions on four recommendations we made for the Ministry in our *2011 Report – Volume 1*, Chapter 6 to improve bridge maintenance processes.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each recommendation, the context for the recommendation (in italics), the Ministry's actions up to January 31, 2014, and the status of the recommendations, including the date on which the Standing Committee on Public Accounts agreed to the recommendation. By January 31, 2014, the Ministry had met two recommendations but still had more work to do on the other two.

[1] Minor bridges are on average smaller, and consist of both timber and short span concrete/steel bridge structures. Total deck surface area of minor bridges is 107 thousand square meters.

[2] Major bridges are on average larger, and the majority of the bridge structure is made of concrete that is reinforced with steel. Total deck surface area of major bridges is 136 thousand square meters.

3.1 Obtain Reliable Information on Bridges

We recommended that the Ministry of Highways and Infrastructure keep bridge management system records up to date. (2011 Report – Volume 1; Public Accounts Committee agreement October 4, 2012)

Status – Partially Implemented

As part of bridge maintenance, the Ministry conducts bridge inspections. It enters reports from these inspections into the Ministry's Bridge Management System (BMS). The Ministry's preservation engineers review BMS inspection reports to make assessments regarding necessary maintenance work and the risk of bridge failure. Timely entry of inspection reports is important to ensure that management has up-to-date information on bridge conditions to make informed decisions about planned and required maintenance.

Since our audit, the Ministry has reduced its backlog of unentered inspection reports. It expects to complete the entry of bridge inspections from 2012 and 2013 by April 30, 2014.

As well, the Ministry has developed procedures and timelines for entering bridge inspection reports into BMS. The Electronic Bridge Record document requires minor bridge inspection reports to be entered into BMS within two weeks following an inspection, and major bridge inspection reports to be entered within one month. The Ministry plans on following these new procedures once it commences the next round of inspections in the summer of 2014.

3.2 Develop a Maintenance Plan

We recommended that the Ministry of Highways and Infrastructure document its key bridge maintenance planning processes and its bridge maintenance plan. (2011 Report – Volume 1; Public Accounts Committee agreement October 4, 2012)

Status – Implemented

Documented procedures are important to ensure that bridge maintenance activities can be effectively planned and carried out in the event of unplanned staff turnover.

The Ministry developed a five-year plan to manage the replacement of bridges and a five-year plan for the rehabilitation and preservation of bridges.

Also, by January 2014, the Ministry documented its key bridge maintenance planning processes for its Bridge Replacement Program, Bridge Rehabilitation Program and Bridge Maintenance Program. These documented processes assist staff in developing

bridge replacement, rehabilitation, and maintenance plans. It expects to approve these processes by April 30, 2014.

We recommended that the Ministry of Highways and Infrastructure set long-term service objectives for bridges and use them to determine its annual and longer-term maintenance priorities. (2011 Report – Volume 1; Public Accounts Committee agreement October 4, 2012)

Status – Implemented

Long-term service objectives for bridges are the level to which the Ministry can maintain bridges to achieve the desired level of safety. Use of these objectives can help the Ministry select the appropriate maintenance activities at the right time. They will also help staff make decisions on maintenance activities consistent with the Ministry's priorities.

By January 2014, the Ministry had set minimum bridge service level conditions (service objectives) based on bridge type and location, called the Bridge Condition Index (BCI) and Bridge Sufficiency Index (BSI).

The Ministry assesses the BCI and BSI against service objectives for each of its bridges and uses this information to set annual and long-term maintenance priorities. They plan to periodically reassess the service objectives as more information on bridge service level conditions is known.

3.3 Monitor Performance

We recommended that senior management of the Ministry of Highways and Infrastructure receive and review reports on the results of bridge inspection and maintenance activities. (2011 Report – Volume 1; Public Accounts Committee agreement October 4, 2012)

Status – Partially Implemented

Senior management's receipt and regular review of reports on the results of bridge inspection and maintenance activities supports making informed, long-term decisions about the bridges.

The Ministry documented its Bridge Reporting requirements. It now requires an annual report on the provincial bridge inventory, quarterly status reports on bridge inspections, and an annual bridge maintenance plan to be submitted to senior management. At January 2014, senior executives had started to receive and review required reports containing some of the required information. Management expects the reports to contain more of the required information as BMS is used and more data is entered.

Chapter 23
Justice—Maintenance Enforcement

1.0 Main Points

This chapter reports the results of our first follow-up of five outstanding recommendations from our *2012 Report – Volume 1*, Chapter 10 regarding the Ministry of Justice's (formerly the Ministry of Justice and Attorney General) processes to enforce maintenance payments.

At March 27, 2014, the Ministry of Justice (Justice) had implemented two of the five recommendations. Justice plans to implement the remaining three recommendations related to monitoring and reporting when its new computer system is operational in the spring of 2015.

Justice is developing a new computer system because the system it currently uses to track key information on maintenance enforcement clients is no longer supported (i.e., the software provider no longer provides security updates or accepts change requests).

2.0 Introduction

Under *The Enforcement of Maintenance Orders Act, 1997*, Justice is responsible for administering the maintenance enforcement program.

Justice, at the recipient's or payer's request,[1] registers spousal and/or child support court orders and agreements, collects, records and monitors payments, and takes enforcement action when the required payments are missed or late.

Our *2012 Report – Volume 1*, Chapter 10 concluded that, for the twelve-month period ended January 31, 2012, Justice had effective processes to enforce maintenance payments with some exceptions. We made five recommendations.

This chapter describes our first follow-up of management's actions on those five recommendations.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate Justice's progress towards meeting our recommendations, we used the relevant criteria from the original audit. Justice's management agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each recommendation, the status of the recommendation, and management's actions up to March 27, 2014. We found that Justice implemented two of the recommendations. It is developing a new computer system and expects to use this to implement the remaining three.

[1] Persons receiving support or persons required to pay support can register their support order or agreement.

3.1 Prompt Registration of Clients but Records Not Yet Current

We recommended that the Ministry of Justice (formerly the Ministry of Justice and Attorney General) establish a formal performance standard for prompt processing of maintenance enforcement registrations and monitor compliance with this standard. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

Status – Implemented

Prompt processing of maintenance-enforcement registrations helps recipients receive payments on a timely basis.

Justice has established a formal standard to require maintenance enforcement registrations to be processed within six weeks of receiving an enrollment form. Justice monitors compliance with this standard on a weekly basis.

We recommended that the Ministry of Justice (formerly the Ministry of Justice and Attorney General) keep accurate and up-to-date information for its maintenance enforcement clients. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

Status – Not Implemented

At March 2014, Justice was developing a new computer system to replace its current system[2] that is no longer supported (i.e., the software provider no longer provides security updates or accepts change requests). Management indicated that Justice is incorporating the requirements of the maintenance enforcement program into the new system. Management expects to have the new system operational by the spring of 2015.[3]

3.2 Evidence of File Monitoring Needed

We recommended that the Ministry of Justice (formerly the Ministry of Justice and Attorney General) establish a formal performance standard for the timely documented review of maintenance enforcement client files not complying with payment terms and monitor compliance with this standard. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

Status – Partially Implemented

[2] The maintenance enforcement computer system in use was developed in 1986 when the enforcement program began.
[3] Standing Committee on Public Accounts, *Hansard Verbatim Report No. 13* - December 9, 2013, p. 156.

Justice has developed a standard that requires maintenance enforcement officers to review a default report every two months to monitor and enforce compliance with the payment terms. It expects to use this standard once its new system is operational and default reports can be generated from the new system.

3.3 Responses to Clients' Inquiries Prompt but Ongoing Monitoring Needed

We recommended that the Ministry of Justice (formerly the Ministry of Justice and Attorney General) establish a formal performance standard for prompt response to telephone inquiries from maintenance enforcement clients and monitor compliance with this standard. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

Status – Implemented

Justice established a formal standard that requires staff to respond to telephone inquiries within 48 hours unless the inquiry relates to a same-day payment. Justice monitors compliance with this standard through weekly meetings and random reviews.

We recommended that the Ministry of Justice (formerly the Ministry of Justice and Attorney General) periodically review reports that show who owes outstanding maintenance support payments, how much is owed, and how long amounts have been outstanding. (2012 Report – Volume 1; Public Accounts Committee agreement December 9, 2013)

Status – Not Implemented

Management indicated that Justice expects to use the new system to generate reports to monitor outstanding support payments.

Chapter 24
Labour Relations and Workplace Safety—Addressing Workplace Non-Compliance

1.0 Main Points

By March 31, 2014, the Ministry of Labour Relations and Workplace Safety (Ministry) had implemented all five recommendations we made in our *2011 Report – Volume 2* to improve its processes to address workplace non-compliance with *The Occupational Health and Safety Act, 1993*.

The Ministry is using a targeted intervention model to focus its efforts on employers with the highest rate of employee injury. It has identified primary reasons for non-compliance and has adapted its training and monitoring accordingly. It has also increased its overall monitoring efforts.

2.0 Introduction

Our *2011 Report – Volume 2*, Chapter 18 concluded that the Ministry had effective processes to address workplace non-compliance with *The Occupational Health and Safety Act, 1993* and related regulations with the following exceptions. It needed to:

- Require a documented, comprehensive risk-based approach to address workplace non-compliance
- Undertake a more complete analysis of non-compliance and its causes
- Require more consistent use of Ministry policies and better follow-up of non-compliant workplaces

We made five recommendations. This chapter sets out the results of our first follow-up of the Ministry's actions towards implementing those recommendations.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Ministry's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Ministry's management agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each recommendation, the Ministry's actions up to March 31, 2014, and the status of the recommendations. We found the Ministry has implemented all five recommendations.

3.1 Comprehensive, Risk-Based Approach Used

We recommended that the Ministry of Labour Relations and Workplace Safety document and use a comprehensive, risk-based approach to address workplace non-compliance with *The Occupational Health and Safety Act, 1993* and related regulations. (2011 Report – Volume 2; Public Accounts Committee agreement June 25, 2012)

Status – Implemented

The Ministry has documented a targeted intervention model. Under this model, the Ministry intervenes directly and intensively with employers identified as high-risk in terms of volume, frequency, and severity of workplace injuries (high-risk employers). As part of its intervention model, the Ministry requests that high-risk employers prepare an improvement plan addressing key issues causing high injury rates. It expects high-risk employers to commit to reducing their total injury rate by completing actions identified in the improvement plan. The Ministry monitors the implementation of the improvement plan through quarterly progress reports and by monitoring the employers' injury rate.

The Ministry has also created a "high-risk" strategy for the healthcare sector in collaboration with Workers' Compensation Board (WCB) and the Saskatchewan Association for Safe Workplaces in Health. Employers identified in the high-risk strategy are also subjected to the intervention model.

3.2 Reasons for Non-Compliance Analyzed

We recommended that the Ministry of Labour Relations and Workplace Safety analyze why employers and/or employees do not comply with *The Occupational Health and Safety Act, 1993* and related regulations. (2011 Report – Volume 2; Public Accounts Committee agreement June 25, 2012)

Status – Implemented

Through its investigation of serious incidents, injuries, and fatalities, the Ministry analyzes why employers and/or employees do not comply with *The Occupational Health and Safety Act, 1993* (the Act) and related regulations. The Ministry found that generally, non-compliance with the Act and related regulations resulted from lack of training, protective equipment, and proper supervision of workers.

The Ministry uses its findings to train and mentor Occupational Health and Safety Officers, and to assess the adequacy of the Act and related regulations.

3.3 Stop-Work Orders Used Consistently

We recommended that the Ministry of Labour Relations and Workplace Safety consistently use stop-work orders under *The Occupational Health and Safety Act, 1993* to address situations where workers are at immediate risk of harm. (2011 Report – Volume 2; Public Accounts Committee agreement June 25, 2012)

Status – Implemented

The Ministry uses stop-work orders consistently in situations where workers are at immediate risk of harm and the risk is not addressed immediately.

3.4 Timeliness of Progress Reports Monitored

We recommended that the Ministry of Labour Relations and Workplace Safety monitor the timeliness of progress reports (e.g., from employers) to promptly enforce orders under *The Occupational Health and Safety Act, 1993*. (2011 Report – Volume 2; Public Accounts Committee agreement June 25, 2012)

Status – Implemented

The Ministry monitors the timeliness of progress reports from employers. It issues a Notice of Contravention under the Act when reports are not submitted on a timely basis. The Ministry also re-inspects when employers do not submit progress reports. Timeliness of progress reports is also monitored by the Ministry during monthly case file reviews.

3.5 Results and Effectiveness of Processes Evaluated

We recommended that the Ministry of Labour Relations and Workplace Safety regularly evaluate the results and effectiveness of its processes for enforcing *The Occupational Health and Safety Act, 1993* and related regulations. (2011 Report – Volume 2; Public Accounts Committee agreement June 25, 2012)

Status – Implemented

The Ministry produces monthly and quarterly reports. Management and Occupational Health and Safety Officers review these reports to monitor where employers have not achieved compliance. These reports, along with ongoing case file monitoring by management, allow the Ministry to regularly evaluate the results and effectiveness of its enforcement processes.

Under the targeted intervention model described in **Section 3.1**, the Ministry closely monitors the outcomes of its interventions with the targeted employers using quarterly status updates from employers and the data obtained from WCB. Data obtained from WCB helps the Ministry compare total injury rate for the targeted employers to the provincial injury rate, and average reduction in total injury rate for the targeted employers to the average reduction in total injury rate for all employers.

Chapter 25
Public Employees Benefits Agency—Information Technology Security

1.0 Main Points

This is the second follow-up of the recommendations from our *2010 Report – Volume 2*, Chapter 8, regarding the Public Employees Benefits Agency's (PEBA) processes to secure its information systems and data. By January 31, 2014, PEBA had partially implemented the recommendation that was outstanding at March 31, 2012. It needs to formalize its process for testing information technology (IT) security. Testing IT security will help keep pension and benefit data confidential, reliable, and available.

2.0 Introduction

The Public Employees Benefits Agency (PEBA) administers government pension and benefit plans. This includes the Public Employees Pension Plan and the Public Service Superannuation Plan. PEBA serves about 81,000 active and inactive members, pensioners, surviving spouses, and dependents of these plans. Combined assets of all plans administered by PEBA are about $6.2 billion.[1]

To carry out its responsibilities, PEBA must manage a wide range of pension and benefit information. PEBA uses IT systems to manage this information and provide pension and benefit information to its members. Securing pension and benefit information (ensuring its confidentiality, integrity, and availability) is vital to fulfilling PEBA's objectives including delivering its services and protecting the interests of its members.

Inadequate IT security could result in loss, inappropriate modification, and unauthorized disclosure of pension and benefit information. Unauthorized changes to the systems and data could compromise the integrity of the pension and benefits plans. Unauthorized disclosure of members' personal information (e.g., name, date of birth, social insurance number) could lead to identity theft.

Our *2010 Report – Volume 2,* Chapter 8 reported that PEBA had adequate controls to secure (i.e., protect the confidentiality, integrity, and availability of) its information systems and data except it needed to address several weaknesses. The chapter included five recommendations. Our *2012 Report – Volume 1,* Chapter 8 reported that, by March 31, 2012, PEBA had addressed four of the recommendations with further action required on the remaining one.

This chapter describes our second follow-up of management's actions on the outstanding recommendation.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate PEBA's progress towards meeting our recommendation, we used the relevant criteria from the original audit. PEBA agreed with the criteria in the original audit.

[1] www.peba.gov.sk.ca/Agency/about_peba.html (6 February 2014).

3.0 STATUS OF RECOMMENDATION

This section sets out the outstanding recommendation, PEBA's actions up to January 31, 2014, and the date on which the Standing Committee on Public Accounts agreed to the recommendation. Although PEBA had made progress, it had not yet fully implemented our remaining recommendation.

3.1 Testing the Effectiveness of Security

We recommended that the Public Employees Benefits Agency periodically test the effectiveness of its information technology security. (2010 Report – Volume 2; Public Accounts Committee agreement May 18, 2011)

Status – Partially Implemented

The periodic testing of IT security helps management monitor the adequacy of its IT security controls and strengthen its IT security.

Since March 31, 2012, our last follow-up, PEBA had an external expert complete a comprehensive assessment of its IT security. At January 2014, PEBA was in the process of addressing the findings from this assessment. It was also working to formalize a process for periodically testing its IT security.

Chapter 26
Saskatchewan Housing Corporation—Housing Maintenance

1.0 Main Points

Since our 2012 audit of Saskatchewan Housing Corporation's (SHC) processes to maintain the housing units it owns, SHC has made progress in addressing one of our four recommendations. SHC is currently entering information about its housing units into an asset management software system. SHC plans to work on the other three recommendations after it has entered all of the housing unit information into this system.

2.0 Introduction

The Saskatchewan Housing Corporation Act makes SHC responsible for matters related to affordable housing and gives it the power to own and maintain housing units. At December 31, 2012, SHC supported approximately 29,600 affordable and social housing units in the province that were government-funded in various ways. SHC owned about 62% or 18,352 of the 29,600 housing units.[1]

Our *2012 Report – Volume 1*, Chapter 24 concluded that SHC did not have effective processes to maintain the housing units it owns. We made four recommendations. This chapter reports the results of our first follow-up on those recommendations.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SHC's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SHC's management agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each recommendation, the status of the recommendation, and SHC's actions up to January 31, 2014. At March 31, 2014, the Public Accounts Committee had not yet considered these recommendations.

At January 2014, SHC had partially implemented one recommendation and had not implemented three recommendations.

[1] Saskatchewan Housing Corporation, *2012 Annual Report*, p. 8.

3.1 Better Documented Information on Housing Condition and Risks Needed

We recommended that the Saskatchewan Housing Corporation better document key information about the condition and risks of all its housing units to facilitate corporate-wide maintenance decision-making and planning. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Partially Implemented

In June 2013, SHC entered into a contract with a capital asset consultant for consulting services and use of an asset management software system. SHC plans to use this system to document and store key information about its housing units.

SHC, with the help of the consultant, started to collect and enter into the system information on SHC's housing units such as the age, type, size, and components of the units. Upon completion, SHC expects to use the system to create a life-cycle profile for each asset based on industry standards, including the replacement cost and renewal timeline for each asset. It expects SHC staff with more direct knowledge about each asset (e.g., recent upgrades, improvements, known deficiencies) to validate this information.

SHC expects to complete this work on all of its housing units by the end of 2014.

3.2 Service Objectives Need to be Set

We recommended that the Saskatchewan Housing Corporation set long-term, corporate-wide service objectives for its housing projects and use them to guide maintenance planning and priorities. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

SHC has not yet set long-term, corporate-wide service objectives for its housing projects. Once it has collected information for all of its housing units as noted in **Section 3.1**, SHC plans to use this information along with financial and program information to begin working on the long-term, corporate-wide service objectives.

3.3 Corporate Maintenance Plan Needed

We recommended that the Saskatchewan Housing Corporation develop a corporate maintenance plan for the medium to long term timeframe. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

SHC has not yet developed a corporate maintenance plan. Once the asset management software system is populated, SHC will assess the information produced and determine how it can be used to develop the corporate maintenance plan.

3.4 Better Reporting on Maintenance Needed

We recommended that the Saskatchewan Housing Corporation regularly give senior management and the Board appropriate written reports on planned and completed maintenance activities and the overall condition and key risks to the housing units it owns. (2012 Report – Volume 1; Public Accounts Committee has not yet considered this recommendation)

Status – Not Implemented

Management indicated that once SHC has collected information for all of its housing units as noted in **Section 3.1**, it plans to use the system to produce standard and customized reports outlining the condition of its housing units, areas of risk, and completed maintenance activities. SHC expects to use these reports to monitor trends and make decisions about the type or frequency of housing unit inspections.

As of January 2014, senior management and the Board do not receive written reports on planned and completed maintenance activities. Nor do they receive reports on the overall condition and key risks to the housing units owned by SHC.

Chapter 27
Saskatchewan Water Corporation—Maintaining Infrastructure

1.0 Main Points

At December 2013, while Saskatchewan Water Corporation (SaskWater) had made some progress, it had not fully implemented the two recommendations from our 2006 audit of its processes to maintain its water treatment and transmission infrastructure.

SaskWater needs to complete its assessments of the condition of its water treatment and transmission infrastructure as well as its development of maintenance plans for this infrastructure.

2.0 Introduction

SaskWater operates under *The Saskatchewan Water Corporation Act*. Its mandate is to construct, acquire, manage, or operate waterworks and provide services in accordance with agreements it makes under the Act.

In our *2006 Report – Volume 1*, Chapter 12, we reported on SaskWater's processes to maintain its water treatment and transmission infrastructure and made two recommendations. In our *2009 Report – Volume 1*, Chapter 15 (our first follow-up), we reported that SaskWater had more work to do to meet the two recommendations.

This chapter describes the results of our second follow-up of management's actions on the two recommendations.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SaskWater's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SaskWater agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each recommendation, its status, and SaskWater's actions up to December 2, 2013. We found that SaskWater has made progress; however, it has more work to do to fully meet the two recommendations.

3.1 Obtain Reliable Information on Assets

We recommended that Saskatchewan Water Corporation compile reliable information detailing the water treatment and transmission infrastructure it owns and the condition of that infrastructure. (2006 Report – Volume 1; Crown and Central Agencies Committee agreement January 19, 2009)

Status – Partially Implemented

Complete and accurate information about infrastructure (capital assets) helps managers identify maintenance needs and make informed decisions on future infrastructure improvements and replacements.

By December 2013, SaskWater had implemented an asset management system for the electronic recording and management of its capital assets. It had recorded the details of its capital assets and had completed its assessment of the condition of its key pumps and motors in 23 of its 58 facilities. These 23 facilities cover the infrastructure that SaskWater uses for delivering approximately 72% of the water it provides to its customers.

SaskWater plans to complete its assessment of the condition of the remaining infrastructure by December 31, 2016.

3.2 Develop and Use a Maintenance Plan

We recommended that Saskatchewan Water Corporation develop and use a maintenance plan for its water treatment and transmission infrastructure. (2006 Report – Volume 1; Crown and Central Agencies Committee agreement January 19, 2009)

Status – Partially Implemented

Maintenance plans help managers take targeted, timely action to keep infrastructure running efficiently and reliably for the lowest possible long-term cost.

By December 2013, SaskWater had prepared maintenance plans in a number of key areas such as flushing and swabbing of pipelines and valve exercising. It also standardized maintenance plans for electrical and instrumentation equipment and for water meter maintenance. SaskWater records the maintenance plans in its asset management system. This system enables SaskWater to use the information to plan and schedule preventative maintenance procedures and to process work orders.

However, SaskWater had not yet completed maintenance plans for its remaining treatment and transmission infrastructure. SaskWater plans to complete these plans by December 31, 2016.

Chapter 28
SaskPower—Gas and Electrical Installation Inspection

1.0 Main Points

This chapter reports our first follow-up on the actions taken by SaskPower to address seven recommendations we made in our *2011 Report – Volume 2* on its processes for inspecting gas and electrical installations. By March 31, 2014, SaskPower had implemented five recommendations and had work to do to implement the other two.

Since our 2011 audit, SaskPower has established strategies and requirements for installation inspections and a process to clear uninspected permits. Starting in late 2013, senior management began receiving quarterly reports on results of its installation inspection activities.

While SaskPower required management to review the rationale inspectors used to decide which permits to inspect, management did not leave evidence of such reviews. Leaving evidence shows they carried out these reviews and agreed with the inspectors' decisions. Also by March 2014, SaskPower had not started reporting its key inspection and installation activities to its Board. It plans to start this reporting in mid-2014.

2.0 Introduction

Under *The Power Corporation Act*, SaskPower is responsible for the inspection of apparatus and equipment related to the use of electrical energy and natural or manufacture gas. SaskPower is also responsible for administering and enforcing *The Gas Inspections Act, 1993*, as well as *The Electrical Inspections Act, 1993* and related regulations.

Improper installation of gas or electrical equipment places a safety risk on the Saskatchewan public. By law, anyone (e.g., contractors or homeowners) installing electrical or gas equipment on commercial or residential property must purchase a permit from SaskPower before the work begins.[1] SaskPower uses permits to authorize the homeowner or the contractor to do the installation. In 2013, SaskPower issued about 60,000 gas permits and 98,000 electrical permits. Its 30 gas inspectors did on average about 1,138 inspections each; its 34 electrical inspectors did on average about 1,142 inspections each.

Our *2011 Report – Volume 2*, Chapter 22 concluded that SaskPower had adequate processes for inspections of gas and electrical installations except for its processes to:

- Periodically re-evaluate the effectiveness of its inspection strategies including policies for documenting key inspection decisions and following up identified defects
- Monitor key inspection decisions
- Report summarized results of its inspection activities to senior management and the Board

[1] Details on how to obtain gas and electrical permits is publicly available at www.saskpower.com/accounts-and-services/service-requests/electrical-permits-and-inspections/electrical-permit-and-applications/ (10 March 2014).

We made seven recommendations. This chapter describes our follow-up of management's actions on the recommendations we made in 2011.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SaskPower's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SaskPower agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each recommendation, context for the recommendation (in italics), SaskPower's actions up to March 31, 2014, and the status of the recommendation. We found that SaskPower implemented five recommendations and made some progress in implementing the remaining two recommendations.

3.1 Strategies Updated

We recommended that SaskPower periodically review and update its gas and electrical inspection strategies. (2011 Report – Volume 2; Crown and Central Agencies Committee agreement March 12, 2014)

Status – Implemented

Lack of periodic review of SaskPower's methodology surrounding gas and electrical inspection strategies could result in the right permits not being selected for inspection and therefore significant defects remaining unidentified.

By March 2014, SaskPower had updated its risk methodology for gas and electrical inspections. It documented these strategies within procedures for inspectors to use when they determine which permits to inspect. These procedures also outline the steps to assign a risk score for gas and electrical installations. SaskPower indicated that it plans to re-evaluate this methodology on a periodic basis.

3.2 Strategies Documented for Electrical Inspections

We recommended that SaskPower document its strategy for electrical inspections including guidance on selecting permits to inspect. (2011 Report – Volume 2; Crown and Central Agencies Committee agreement March 12, 2014)

Status – Implemented

Providing a strategy for its electrical inspectors to follow would allow SaskPower to communicate its expectations regarding electrical installation inspections. In addition,

providing written guidance would help reduce the risk that inspectors may not apply their judgment consistently when determining which installations to inspect.

By March 2014, SaskPower had documented its strategy for electrical inspections. It set out the number of electrical permits it expected to be inspected and cleared on an annual basis. SaskPower also documented guidelines for its inspectors to use when deciding which permits to inspect. These guidelines help ensure permits are assessed in a consistent manner.

3.3 Documented Reasons for Not Inspecting Decisions

We recommended that SaskPower require, in writing, its gas and electrical inspectors to document rationale for not inspecting permits for high-risk installations. (2011 Report – Volume 2; Crown and Central Agencies Committee agreement March 12, 2014)

Status – Implemented

Requiring inspectors to document their rationale for why they inspected some permits and not others would enable SaskPower to determine if permits are being chosen and inspected in a consistent manner by all inspectors. We expected SaskPower to require documentation from inspectors explaining why permits scored as high-risk in its inspection system were not inspected.

During our follow-up, we found SaskPower provides guidance for inspectors to use to determine which permits are high risk and require inspection. The guidelines require inspectors to document their reasons for not inspecting permits and set out where inspectors must document this (i.e., in the inspection computer system).

3.4 Review of Documentation Required

We recommended that SaskPower require management to review inspectors' rationale for not inspecting gas and electrical permits for high-risk installations. (2011 Report – Volume 2; Crown and Central Agencies Committee agreement March 12, 2014)

Status – Partially Implemented

Management review of inspector rationale for deciding which permits to inspect would help ensure permits are being chosen for inspection consistently and appropriately. We expected SaskPower management to document their review to show it took place.

Since our audit, SaskPower introduced guidelines requiring management to review inspectors' rationales for which permits they chose to inspect. However, SaskPower was not able to provide us with evidence that showed these reviews took place. SaskPower indicated its inspection computer system is dated and does not permit

management to leave evidence of their review. It has plans to purchase and implement a new system within the next two years. In the interim, management has indicated that it will implement a manual process for documenting this review.

3.5 Process to Clear Uninspected Permits

We recommended that SaskPower establish a process to clear uninspected gas and electrical permits in its Gas Electrical Inspection System within a reasonable amount of time. (2011 Report – Volume 2; Crown and Central Agencies Committee agreement March 12, 2014)

Status – Implemented

Timely review and resolution of uncleared permits helps reduce the risk of property damage and injury for homeowners and businesses. We expected SaskPower to document and approve a plan that would outline all resources required and the timeframe to clear its backlog of uncleared permits.

During our 2011 audit, over 34,000 uncleared permits were over a year old.[2] By March 2014, SaskPower had implemented a plan to clear outstanding permits on a more timely basis. The plan outlines the resources needed to clear its backlog by 2018.

3.6 Reporting to Senior Management

We recommended that SaskPower give senior management quarterly written reports on high-risk older outstanding defects and on the number and age of all outstanding gas and electrical defects identified in inspections. (2011 Report – Volume 2; Crown and Central Agencies Committee agreement March 12, 2014)

Status – Implemented

Senior management's timely receipt of reports on inspection activities would help them effectively monitor if permits are being cleared efficiently and in accordance with policy. Inclusion of comparative information on inspection results would help identify common or emerging trends or risks. These trends or risks could alert SaskPower to change its methodology surrounding permit inspections.

We expected SaskPower's inspectors to provide quarterly reports to senior management for their review. These reports would include information on the amount of outstanding high-risk defects for both gas and electrical permits, and how long they have been outstanding for.

[2] Provincial Auditor Saskatchewan, *2011 Report – Volume 2*, Chapter 22, p. 433.

Since the last quarter of 2013, SaskPower required its gas and electrical inspector units to give senior management quarterly reports. Reports included information related to the number and risk assessment of outstanding defects, and inspectors' actions with respect to how these outstanding defects were cleared.

3.7 Reporting to Board of Directors Needed

We recommended that SaskPower periodically give its Board of Directors summary trend information on its gas and electrical inspection activities and common or emerging trends or risks in gas and electrical installations. (2011 Report – Volume 2; Crown and Central Agencies Committee agreement March 12, 2014)

Status – Not Implemented

In addition to sending the reports to senior management, we expected SaskPower to periodically provide summary and comparative information to its Board of Directors to enable them to monitor SaskPower's inspection activities.

At March 2014, SaskPower was working on developing a summary of trend information on inspection activities and common or emerging trends or risks to provide a basis for reports to the Board. It expects to start reporting to the Board by mid-2014 and to report annually thereafter.

Chapter 29
SaskPower—Procurement

1.0 Main Points

By February 28, 2014, Saskatchewan Power Corporation (SaskPower) had made some progress in implementing the remaining two recommendations from our 2007 audit of its processes to buy goods and services valued at under $100,000.

SaskPower must ensure staff follow its purchasing policies and procedures, as well as collect and document supplier performance information in a coordinated and accessible format.

2.0 Introduction

SaskPower is the principal supplier of electricity in Saskatchewan, operating under the mandate and authority of *The Power Corporation Act*. SaskPower's mission is to deliver power in a safe, reliable, and sustainable manner.

Effective acquisition of goods and services is crucial to SaskPower. As set out in its purchasing objective, it expects to procure goods and services that provide best value for SaskPower by being innovative, efficient and flexible, and to conduct all procurement functions and activities in such a manner that community, public and supplier relationships are maintained while applying professional business standards.[1]

In 2013, SaskPower bought approximately $307 million of goods and services (excluding fuel and purchased power, salaries and benefits, and employee long-term benefits) and spent $1.32 billion on capital expenditures.[2] SaskPower makes a large number of low dollar value purchases (i.e., below $100,000) each year.

In 2007, we assessed SaskPower's processes to buy goods and services valued at under $100,000. Our *2007 Report – Volume 3*, Chapter 23 concluded that SaskPower did not have effective processes at July 31, 2007; we made four recommendations.

This is our third follow-up to assess SaskPower's progress in addressing our recommendations. Our first follow-up, reported in our *2010 Report – Volume 1*, Chapter 16, found that SaskPower had met two of the four recommendations. Our second follow-up, reported in our *2011 Report – Volume 2*, Chapter 22, found that SaskPower still had work to do to meet the remaining two recommendations.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate SaskPower's progress towards meeting our recommendations, we used the relevant criteria from the original audit. SaskPower agreed with the criteria in the original audit.

[1] www.saskpower.com/about-us/procurement/ (03 April 2014).
[2] SaskPower, *SaskPower 2013 Annual Report*.

3.0 Status of Recommendations

This section sets out each recommendation, SaskPower's actions up to February 28, 2014, and the status of the recommendations. We found that while SaskPower has made some progress, it still has work to do to fully meet our recommendations.

3.1 Need to Obtain Required Approval for Purchases

We recommended that SaskPower consistently follow its established processes that require its staff to obtain the appropriate approval of the purchase prior to finalizing the purchase decision. (2007 Report – Volume 3; Crown and Central Agencies Committee agreement March 12, 2014)

Status – Partially Implemented

Obtaining the appropriate approval prior to finalizing any purchasing decision will help to ensure that the proper decision is made and available resources are used efficiently and effectively.

SaskPower continued to have adequate purchasing policies and procedures for obtaining appropriate approval prior to finalizing the purchasing decision. However, staff did not always follow these procedures. Our testing of 2013 purchases showed instances where purchases were approved by staff who did not have authority to do so, or where purchases were made prior to approvals being given.

3.2 Need to Tracking Problems with Key Suppliers

We recommended SaskPower track problems with key suppliers and make this information available for purchasing decisions. (2007 Report – Volume 3; Crown and Central Agencies Committee agreement March 12, 2014)

Status – Partially Implemented

Tracking key suppliers' performance is important to reduce the risk of re-using suppliers with known performance issues.

As we found in our 2007 audit, SaskPower did not document supplier performance information in a coordinated and accessible format.

Since our last follow-up, SaskPower created a Supplier Relationship Management department. This department was working on establishing a centralized process for evaluating and monitoring supplier performance. In 2013, this department began a pilot program to track the performance of several key suppliers. At February 2014, SaskPower had not implemented a process where its employees who make purchasing decisions can access supplier performance information. According to management, SaskPower plans to have such a process implemented by the end of 2014.

Chapter 30
Water Security Agency—Dam Safety

1.0 Main Points

At December 2013, the Water Security Agency (Agency) had not yet fully addressed two of the four recommendations that we made in our 2005 audit of the Agency's processes to ensure its four largest dams were safe. These recommendations pertain to dam emergency preparedness plans and safety manuals.

The Agency still needs to have up-to-date, tested emergency preparedness plans for each of its four major dams. Emergency preparedness plans can safeguard lives and reduce property damage. As well, the Agency needs to ensure the manuals for those major dams include complete procedures to operate, maintain, and monitor them safely. Up-to-date manuals support the safe operation of the dams.

2.0 Introduction

The Agency is responsible for the safety of 45 dams that help to preserve a sustainable water supply for the province. Four of these dams are considered major – the Gardiner, Qu'Appelle River, Rafferty, and Alameda dams. Failure of any of these dams would risk serious downstream flooding. This flooding could result in damages to towns, businesses, crops, infrastructure, and wildlife habitat. Therefore, it is critical for the Agency to have strong processes to keep these dams safe.

Our *2005 Report – Volume 1* included four recommendations we made as a result of our audit of the Agency's processes to ensure the safety of the four major dams. In 2007, 2010, and 2012, we assessed whether the Agency had implemented these recommendations. By July 2012, it had implemented two recommendations but had not completely implemented the two recommendations that pertain to dam emergency preparedness and safety manuals.

This chapter describes our follow up of management's actions on the two recommendations we made in our *2005 Report – Volume 1* pertaining to dam emergency preparedness and dam safety manuals.

To conduct this review, we followed the standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. To evaluate the Agency's progress towards meeting our recommendations, we used the relevant criteria from the original audit. The Agency agreed with the criteria in the original audit.

3.0 Status of Recommendations

This section sets out each recommendation, its status, and actions taken by the Agency up to December 2, 2013. We found that the Agency still needs to complete and test its emergency preparedness plans and complete its manuals for operating, maintaining, and monitoring its four major dams.

3.1 Emergency Preparedness Plans Not Yet Complete

We recommended that the Water Security Agency (formerly the Saskatchewan Watershed Authority) have up-to-date, tested emergency preparedness plans for each of its major dams (i.e., Rafferty, Alameda, Qu'Appelle River, and Gardiner). (2005 Report – Volume 1; Public Accounts Committee agreement June 21, 2005)

Status – Partially Implemented

Emergency preparedness plans set out key responses to emergency situations. They provide information on flood inundation, warnings and notifications, and actions to take in the event of a potential dam failure or dam failure emergency. They can safeguard lives, reduce property damage, and help local governments and other groups develop their own emergency preparedness plans.

By December 2013, the Agency had emergency preparedness plans for three of its four major dams. It had also distributed revised emergency preparedness plans for the Rafferty, Alameda, and Gardiner dams to other affected organizations (e.g., Ministry of Government Relations, Ministry of Highways and Infrastructure, local governments, etc.). It expects to complete an emergency preparedness plan for the Qu'Appelle River dam by March 31, 2014, and plans to distribute it shortly thereafter.

Testing emergency preparedness plans is important to ensure that expected actions will be taken and that they are sufficient to protect people and property. At December 2013, the Agency had not formally tested its emergency preparedness plans. The Agency plans to commence initial testing of its emergency preparedness plans using internal staff in 2014, and plans to complete its testing by 2015. It expects this testing to involve other affected government organizations (e.g., Ministry of Government Relations, Ministry of Highways and Infrastructure, local governments, etc.). Upon completion of the tests, the Agency plans to establish a process for ongoing updates and testing of the emergency preparedness plans.

3.2 Required Manuals Remain Unfinished

We recommended that the Water Security Agency (formerly the Saskatchewan Watershed Authority) set processes that ensure its manuals always include complete procedures to operate, maintain, and monitor dam safety. (2005 Report – Volume 1; Public Accounts Committee agreement June 21, 2005)

Status – Partially Implemented

Complete and up-to-date manuals are important to support the safe operation of dams. Manuals typically include:

- Operation plans to describe how dams should be operated under different scenarios ranging from drought to flood conditions
- Maintenance manuals to detail what, how, and when routine and preventative maintenance shall be undertaken
- Surveillance manuals to outline what systems exist to monitor/assess performance and how and when performance monitoring is to be undertaken

By December 2013, the Agency had 32 manuals that collectively explain how to operate, maintain, and monitor its four major dams. While 21 manuals were complete, four manuals were not complete, and the update of the remaining seven manuals was not yet started.

Management noted that its progress was slower than anticipated because of the complexity of some manuals (e.g., the operation manuals). Operation manuals require hydrological, economic, and environmental analysis, as well as the involvement of international and interprovincial partners. The Agency has established a target date of March 31, 2015 for completion of the remaining manuals.

Studies

Chapter		Page
31	Managing Risks of Public-Private Partnerships	215

Chapter 31
Managing Risks of Public-Private Partnerships

1.0 Main Points

Public-private partnerships (P3s) are a type of public sector procurement. They include a broad range of arrangements where a government works with the private sector to deliver infrastructure and provide related services. The use of P3s involves risks that must be managed. These include risks related to:

- Accountability and transparency
- Capacity
- Assessment
- Meeting government and user needs
- Risk transfer to private sector
- Innovation
- Sustained monitoring

If a government does not effectively manage these risks, it may pursue a P3 in an area unsuited for its use, make a bad contract with its private sector partners, not achieve its objectives, or not obtain value for money. This chapter presents best practices for managing these risks. We encourage government agencies to consider these best practices when looking at the use of P3s and entering into P3 arrangements.

2.0 Introduction

In our *2001 Fall Report – Volume 2* (Managing Accountability Risks in Public-Private Partnerships, Chapter 4), we outlined best practices for managing accountability risks associated with entering into P3 arrangements.[1] The purpose of this chapter is to build on our 2001 work by setting out best practices for managing risks specific to P3s. The focus of this chapter is on risks specific to P3s, as opposed to risks common to both P3s and other types of purchasing decisions, or risks that are part of complex contractual arrangements in general. Managing risks of P3s is important because P3s can be of significant economic and social importance.

[1] The Report is available at www.auditor.sk.ca.

3.0 BACKGROUND

3.1 What are P3s?

Public-private partnership (P3) is a term used to describe a broad range of arrangements where a government works with the private sector to provide services (usually in the area of infrastructure) that have traditionally been delivered by the public sector.[2]

The relationship between the public and private sector in these arrangements can vary greatly. The key as to whether an arrangement between a government and the private sector is a P3 is the nature and extent of private sector involvement. When people describe P3s, they often refer to different possible components or phases of a project, such as design, build, finance, operate, and maintain. In a P3, the private sector can be involved in several or many of these phases and usually over an extended period.[3]

P3s typically seek to:

- Focus on the overall outputs or outcomes to be achieved
- Allocate risks (such as the risk of late construction completion or cost overruns) between the government and the private sector partner[4]
- Gain benefits from the integration of multiple phases into one larger project (for example, the same partner both designing and then maintaining a facility would be expected to design it to enable efficient maintenance) or integration of multiple projects (for example, using the same partner on several similar projects)

3.2 Increased Use of P3s by Governments

Governments use physical assets to provide services. These assets, including roads, bridges, buildings, and other types of assets are called "infrastructure." Infrastructure deteriorates without appropriate or sufficient maintenance. If governments do not sufficiently invest in building and maintaining infrastructure, for example because of competing or more immediate priorities, a growing infrastructure gap or deficit can result. That such a gap exists in Canada is "widely recognized."[5] As it becomes increasingly expensive to address infrastructure deficits, governments have turned to non-traditional procurement methods, including P3s.

The provincial government has stated its intention to consider alternative methods for developing infrastructure, including the use of P3s.[6] On October 17, 2012, the Government of Saskatchewan established SaskBuilds as a Treasury Board Crown corporation. SaskBuilds "is the lead central agency responsible for prioritizing, planning and coordinating infrastructure projects." It is also responsible for advising on "...the

[2] Provincial Auditor of Saskatchewan, *2001 Fall Report – Volume 2*, Chapter 4, p. 40.
[3] For a more extended description of what constitutes a P3, see Auditor General of British Columbia, "Understanding Public Private Partnerships" available at www.bcauditor.com.
[4] For simplicity, this chapter refers to a single partner, although groups of private sector companies are common. Also, the words "partner" and "partnership" are used in a general, not legal, sense.
[5] See, for example, Library of Parliament, "Current and Emerging Issues – 41st Parliament". www.parl.gc.ca/content/lop/researchpublications/cei-24-e.htm (27 September 2013).
[6] Government of Saskatchewan, *Saskatchewan Plan for Growth*, p. 4.

most effective and appropriate methods for advancing infrastructure projects including public-private partnerships."[7]

The October 23, 2013 *Speech from the Throne* noted that "SaskBuilds is working with government ministries on the development of new schools, the new Saskatchewan Hospital in North Battleford, a new long-term care facility in Swift Current and the Regina Bypass project."[8] The Government also stated that "P3s will allow the government to advance certain capital projects more quickly while reducing costs."[9]

4.0 Managing Risks Specific to P3s

Public sector procurement always presents risks and challenges that a government[10] must manage. P3s present additional risks and challenges that must be well managed. If a government does not manage these risks, it may pursue a P3 in an area unsuited for its use (e.g., an area characterized by rapidly changing technologies where long-term contracts are not ideal), make a bad contract with its private sector partner, not achieve its objectives, spend too much, or not obtain value for money. As with other types of procurement, effective contracting is of key importance.

To identify additional key risks and challenges associated with P3s and related best practices to manage them, we examined current literature on P3s including the work of other legislative auditors (see **Section 5.0**). We have grouped these risks into seven categories: accountability and transparency, capacity, assessment, meeting needs, risk transfer, innovation, and sustained monitoring. In this section, we describe each of these key risks and outline best practices for managing them (see **Figure 1**).

Figure 1–Best Practices for Managing P3 Risks

1. **Accountability and Transparency**
   - Establish framework in legislation or policy for use of P3s
     - Set out objectives and principles for use and governance of P3s
     - Set policies and processes for:
       - Identification
       - Evaluation
       - Selection
       - Approval
       - Access to and reporting from private sector partner
       - Management and coordination
       - Oversight
     - Specify public reporting requirements
2. **Capacity**
   - Maintain adequate capacity to:
     - Identify possible areas for use of P3s
     - Evaluate potential P3s, including analysis of alternatives
     - Identify risks
     - Analyze financing implications
     - Negotiate contracts that achieve government objectives and appropriately assign risks
     - Inspect and monitor performance of private sector partner for lifetime of project

[7] SaskBuilds, *2012-13 Annual Report*, p. 4-5.
[8] Government of Saskatchewan, *Speech from the Throne 2013*, p. 8.
[9] Ibid.
[10] "Government" can include different levels of government or individual government agencies.

3. **Assessment**
   - Establish criteria for identification of areas where P3s will be considered
   - Require careful analysis and approval of business case:
     - Stating clear objectives and outcomes
     - Describing nature and extent of government involvement
     - Evaluating costs, benefits, and risks over lifetime of P3
     - Showing risk allocation
     - Analyzing financing
     - Setting out alternatives to P3
     - Stating key assumptions
     - Including baseline performance information
     - Addressing policy implications
4. **Meeting Government and User Needs**
   - Identify required functionality and all intended uses
   - Ensure functionality and intended uses are reflected in business case and contract
5. **Risk Transfer to Private Sector**
   - Identify risks related to performance and results of P3
   - Ensure risks are documented in business case
   - Assign risks to partners to match requirements of business case
6. **Innovation**
   - Carry out early assessment of private sector interest in P3
   - Structure procurement to allow proposal of innovative solutions
7. **Sustained Monitoring**
   - Require appropriate reporting
   - Monitor compliance with contract requirements
   - Manage changes and disputes
   - Apply penalties/incentives

4.1 Accountability and Transparency Risks

Working with private sector partners to develop projects and deliver related services does not lessen a government's accountability in any way. Governments remain ultimately accountable and answerable for the delivery of the goods and services, and the use of public resources.

The involvement of a private sector partner can affect the transparency and accountability of P3s. Private sector partners may be reluctant to share information with the public regarding a project's status, cost, and performance, citing concerns about the impact on their competitiveness or the disclosure of proprietary information. Because a private sector partner is often the visible face of a project or service, the continuing ultimate accountability of a government can be obscured.

Also, P3s often involve multiple government agencies. This increases the risk that there will be uncertainty about the nature and extent of the accountabilities of each of the various government agencies.

To manage accountability and transparency risks, a government should establish a framework in legislation or policy for the use of P3s. The framework would:

- Set out overall objectives, principles, and policies for the use and governance of P3s.
- Set out processes for identification, evaluation, selection, and approval of P3 projects (in addition to the processes used for all procurements). Approval requirements for P3s (responsibilities and steps) would help ensure that P3s are authorized by individuals with appropriate authority.

- Require adequate reporting from and access to the private sector partner. A government must ensure it has the ability to monitor and inspect (including the ability by the government and its auditors to access books and records of the private sector partner).

- Require clarity as to who is accountable to whom and for what. Where multiple government agencies are involved, a single government agency should be responsible for coordination and oversight.

- Require public reporting. Good reporting of a P3 would reflect the significance of the project. Periodic public reports would provide public transparency on key processes, results, and costs for the P3. Reports would disclose the full costs of the P3 across all participating agencies and components of the project, including all assets and liabilities, and would cover the entire lifetime of the project (total lifecycle costs).

4.2 Capacity Risks

P3s often involve complex or sensitive matters and large costs. P3s also present particular risks because of the involvement of multiple parties both within and outside of the public sector, the long periods they cover, and the multiple project phases typically involved. Also, at times, governments enter into P3s to access specific expertise of the private sector (e.g., construction of specialized buildings).

If governments overlook their ultimate accountability and think that they can outsource their responsibility to make informed decisions and oversee P3s, they may neglect to ensure they have the knowledge, skills, and ability (i.e., capacity) to make informed decisions during the various phases of the P3 (i.e., planning/transaction, design and construction, and operating). Governments must include the cost of building and maintaining this capacity into their analysis supporting their business plans (see **Section 4.3**) and future resourcing decisions.

To manage these risks, a government must have adequate capacity when deciding to enter into a P3 and for managing a P3. It must maintain adequate capacity in the technical areas involved in a project as well as in financial, legal, and procurement areas. An absence of capacity may result in a government, for example, deciding to use a P3 approach where not warranted, negotiating a poor contract or one that does not meet its needs, or not adequately monitoring the performance of the private sector partner.

For a government to undertake a P3, it requires adequate capacity to:

- Carry out a careful, thorough evaluation of the use of a P3 approach, compared to alternatives

- Identify risks associated with entering into and managing a P3

- Analyze financing implications including consideration of financial proposals

- Negotiate a contract that achieves the government's intentions and appropriately assigns risks between the partners

- Inspect and monitor performance of a private sector partner (i.e., in the delivery of the infrastructure and related services) for the lifetime of the project

A government must ensure that it sustains the capacity required to monitor a P3 throughout all of its phases. The government must actively inspect and monitor the P3 during its design and construction phases, and must also actively monitor service delivery and maintenance performance during the operating phase of the project.

4.3 Assessment Risks

A government must be prepared to explain its reasons for selecting a P3 procurement approach. Because of higher levels of public interest and scepticism surrounding the use of P3s, a government faces increased expectation that it can demonstrate to the public that use of this type of procurement for a project provides clear advantages.

To manage these risks, a government should describe clear criteria and processes, set out in the framework described in **Section 4.1**, that it would use to screen possible areas for private sector involvement and use of a P3 approach.

For specific projects, a government should require careful analysis of potential P3 projects through development of a comprehensive and supportable business case for each project. The business case for a proposed P3 should:

- Set out clearly-defined objectives and desired outcomes for the P3. These should match the government's identified needs specific to the project.

- Set out which stages of the P3 the private sector would be involved in, along with the nature and extent of involvement.

- Include an evaluation of costs, benefits, and risks over the entire lifetime of the P3. Costs should include total lifecycle costs for the project,[11] including transaction costs[12] (which because of the complicated contractual arrangements are typically higher for a P3 than for a conventional procurement), operating/maintenance costs, and financing costs. Costs should include costs of maintaining appropriate expertise—technical, financial, legal and procurement—to effectively assess costs, benefits, and risks.

- Show how risks are to be allocated between the government and the private sector partner (see **Section 4.5**).

- Analyze project financing including implications for accounting and key financial indicators (e.g., debt/equity ratios, net debt).

- Explicitly set out alternatives to a P3. The consideration of alternatives must include preparation of a "public sector comparator" or "value for money assessment." These are a detailed comparison of delivery of the project using a P3 to using conventional procurement processes to identify if there are advantages to using a P3.

[11] Total lifecycle costs means all costs, for all phases, over the entire lifetime of a project, i.e., from proposal through evaluation, construction, operation and decommissioning.
[12] Transaction costs are the costs of planning, negotiating, and entering into the contracts that create a P3, including legal, financial and technical expertise.

- Set out key assumptions used in the analysis and their basis. Assumptions should be consistently applied to all considered alternatives.

- Gather information about performance of existing functions to ensure there is a baseline to evaluate future P3 performance of the same or similar functions.

- Address the policy implications of using a P3. Due to issues relating to socioeconomic, environmental, legal, health, or privacy matters, the involvement of private sector partners may not be feasible or could be limited in some ways. A government should consider consulting with stakeholders in exploring these issues.

Overall, the business case should clearly present an analysis that examines the advantages and disadvantages of the use of a P3. A project should not proceed if the disadvantages outweigh the benefits.

The business case should be prepared by staff with appropriate expertise and be approved by appropriate authorities, including senior management and the governing body responsible for the project.

4.4 Risks Related to Meeting Government and User Needs

As noted under **Section 4.3**, a government needs to have clearly-defined objectives and desired outcomes for the P3 project. If a government does not do an effective job of analyzing and setting out its current and future needs as it plans for the use of a P3, it risks not meeting those needs. Planning to meet user needs for infrastructure for the long period covered by P3 agreements (agreements can extend 10, 20 and 30 years) can be difficult. Changes can affect the assumptions supporting the original decisions on how to proceed.

To manage these risks, a government must carefully identify future uses of the infrastructure. Consultation with users and stakeholders would assist in completely identifying uses. The business case must reflect these uses, as must the contract the government later negotiates with a private sector partner.

4.5 Risk Transfer to Private Sector

One of the defining features of a P3 is risk transfer. In a P3, a government will seek to transfer certain risks (e.g., construction delay) to a private sector partner. The overall costs of the project to a government reflect a private sector partner assuming specific risks.

If a government does not do an effective job of identifying risks and transferring specific ones to the private sector, it risks unintentionally assuming the risks itself, and paying too much to a private sector partner. Also, it may not be feasible or cost effective to transfer some risks.

To manage the risk of ineffective risk transfer, a government must completely identify risks related to the performance of obligations under the P3 project. The costs and proposed allocations of the risks should be documented in the approved business case.

These risks must be revisited and updated throughout the planning phase. The government must also assess the capability of the private sector partner to assume risks for the life of the project. Once the P3 project is approved, a government must negotiate a contract that clearly assigns the risks between the partners as set out in the final approved business case.

Sustaining adequate capacity, as described earlier, is crucial to help ensure that risk transfer is effective for the entire lifecycle of the project and survives contract changes (see **Section 4.7** regarding management of changes).

4.6 Innovation Risks

Another defining feature of a P3 is the intent, by focusing on the overall outputs or outcomes to be achieved, to permit a private sector partner to propose innovative solutions to address government needs. If a potential project is not designed to attract private sector interest, there is a risk that the project will not result in competitive proposals. Further, if a P3 procurement is not designed to permit innovative solutions to be proposed, the risk is that a government will miss an opportunity to achieve its objectives in a cost-effective manner.

To manage these risks, a government must assess, early in considering use of a P3, whether there will be sufficient private sector interest in participating in a P3. If this is not the case, the use of a P3 should be reconsidered. A government should structure the procurement to permit the proposal of innovative solutions (e.g., for design, operation, outputs, risk transfer or financing).[13]

4.7 Risks Related to Sustained Monitoring

A government has to effectively monitor the performance of its private sector partner to assess whether infrastructure and related services provided under the P3 are meeting its expectations. It must take timely corrective actions or mitigating steps to address non-performance or substandard performance.

Monitoring can be more difficult because of the long periods covered by P3 agreements. As noted above, changes can affect the assumptions supporting earlier decisions. If effective monitoring does not take place over the entire project life, there is increased risk that the P3 will not meet user needs and that the government will not receive value for money.

To manage these risks, a government must monitor effectively through:

- Inspection and verification that services are taking place
- Review and analysis of reliable reports and performance data from the private sector partner

As noted earlier, effective monitoring and inspections throughout all the phases of a P3 require a government to maintain sufficient capacity. This may require a government to engage an additional party to assist it in its monitoring role.

[13] National Audit Office, *A Framework for evaluating the implementation of Private Finance Initiative projects: Volume 2*, p. 17.

Over the extended period of a P3, there is risk of significant change. The contract should provide a process for promptly addressing changes. Contract changes should receive appropriate approvals before proceeding and should consider the impact of the changes on the original assessments supporting the choice of using a P3 and the intended transfer of risks. The contract must also include a mechanism for dealing fairly and expeditiously with disputes.

If a private sector partner's performance does not meet expectations, penalties should be applied in accordance with the contract. Performance incentives should also be applied as agreed upon.

5.0 Selected References

Alberta Treasury Board. (March 2011). *Alberta's Public-Private Partnership Framework and Guideline*. Edmonton: Author.

Auditor General of Alberta. (2010). *Report of the Auditor General of Alberta – April 2010, Alberta Schools Alternative Procurement*. Edmonton: Author.

Auditor General of British Columbia. (2012). *Report 4: July 2012, Audits of Two P3 Projects in the Sea-to-Sky Corridor*. Victoria, B.C.: Author.

Auditor General of British Columbia. (2011). *Report 2: May 2011, Audit of the Academic Ambulatory Care Centre Public Private Partnership: Vancouver Coastal Health Authority*. Victoria, B.C.: Author.

Auditor General of British Columbia. (nd). *Understanding Public Private Partnerships*. Victoria, B.C.: Author.

Auditor General of Ontario. (2008). *2008 Annual Report, Chapter 3 – Brampton Civic Hospital Public-Private Partnership Project*. Toronto: Author.

Conference Board of Canada. (2010). *Dispelling the Myths: A Pan-Canadian Assessment of Public Private Partnerships for Infrastructure Investments*. Toronto: Author.

Hodge, G., Greve, C., & Boardman, A. eds. (2010). *International Handbook on Public-Private Partnerships*. Northampton, MA.: Edward Elgar Publishing, Inc.

Murphy, T. (2008). *The Case for Public-Private Partnership in Infrastructure, Canadian Public Administration, 51*, p. 99-126.

National Audit Office. (2006). *A Framework for Evaluating the Implementation of Private Finance Initiative Projects: Volumes 1 and 2*. London: Author.

Provincial Auditor of Saskatchewan. (2001). *2001 Fall Report – Volume 2, Chapter 4 – Managing Accountability Risks in Public-Private Partnerships*. Regina: Author.

Vining, A. R. & Boardman, A. E. (2008). *Public-Private Partnerships in Canada: Theory and Evidence, Canadian Public Administration, 51*, p. 9-44.

Standing Committee on Crown and Central Agencies

Chapter		Page
32	Standing Committee on Crown and Central Agencies	227

Chapter 32
Standing Committee on Crown and Central Agencies

1.0 Main Points

Through its work and recommendations, the Standing Committee on Crown and Central Agencies (Committee) helps the Legislative Assembly (Assembly) hold the Government accountable for its management of the Crown Investments Corporation of Saskatchewan (CIC) and its subsidiary corporations. The Committee does this by reviewing the annual reports of agencies within its subject area and portions of our reports. It reports to the Assembly the results of its review. These reports may contain recommendations resulting from our audit work.

The Committee's last report to the Assembly that contained recommendations resulting from our audit work was in 2007. By March 31, 2014, the Government had implemented all of the Committee's recommendations.

During 2013-14, the Committee made reasonable progress in catching up on its review of annual reports of CIC and its subsidiary corporations. However, it had yet to consider the 2012 reports of those agencies.

In March 2014, it made good progress in reviewing chapters from our reports that were referred to the Committee. At March 31, 2014, the Committee still has to consider 23 chapters from seven reports. These chapters relate to six agencies and the Committee itself.

2.0 Introduction

This chapter provides an overview of the role and responsibilities of the Committee, focusing on those related to the work of our Office. Also, it describes the overall status of the Committee's recommendations resulting from our Office's work, and the status of its consideration of the work of our Office.

3.0 Role and Responsibilities of The Committee

3.1 Overview of Role and Responsibilities of Policy Field Committees

The Committee is one of the Legislative Assembly's four policy field committees.

The Assembly has made policy field committees responsible for examining certain documents within their assigned subject area. These documents include bills and regulations (proposed laws), estimates, and annual reports. During their reviews, these committees can consider issues of current concern, future objectives, and past performance.

Policy field committees can also conduct inquiries into matters within their mandated subject area. They provide the Assembly with reports on their activities and can make recommendations to the Assembly for its consideration.

Policy field committee meetings are open to the public. The Assembly's website[1] contains information about the composition of each committee and records of their meetings (i.e., meeting notices, Hansard verbatim, minutes, videos, and reports).

3.2 Specific Responsibilities of the Standing Committee on Crown and Central Agencies

The Standing Committee on House Services determines the membership of each policy field committee. **Figure 1** sets out the membership of the Standing Committee on Crown and Central Agencies at March 31, 2014.

The Committee's assigned subject area encompasses Crown Investments Corporation of Saskatchewan (CIC) and its subsidiary corporations, supply and services (e.g., Ministry of Central Services), central government agencies (e.g., Ministry of Finance), liquor, gaming, and all other revenue-related agencies and entities.

The Assembly has given the Committee the following additional responsibilities:

- The Assembly requires the Minister responsible for CIC to notify the Committee, in writing, about significant transactions[2] of CIC and any of its subsidiaries within 90 days of the transaction. The notification must outline the objectives of the transaction, the financial implications, a statement of any changed liabilities, and the authority under which the transaction was made.[3]

- The Assembly refers portions of our reports (chapters) related to CIC and its subsidiaries to the Committee.[4] When the Committee considers chapters from our reports, our Office and the corporation's appointed auditor, if any, attend to assist its review.

Figure 1—Members of the Standing Committee on Crown and Central Agencies at March 31, 2014

Name of Member	
Greg Brkich, Chair	Gene Makowsky
Cathy Sproule, Deputy Chair	Scott Moe
Bob Bjornerud	Roger Parent
Darryl Hickie	

[1] www.legassembly.sk.ca/legislative-business/legislative-committees (31 March 2014).
[2] Significant transactions are defined by the Committee as those that are material in amount and outside the ordinary course of business, or are judged to be sensitive and likely of interest to legislators and the public.
[3] Rule 143(4) of *The Rules and Procedures of the Legislative Assembly of Saskatchewan*.
[4] Rule 143(3) of *The Rules and Procedures of the Legislative Assembly of Saskatchewan* and section 14.1(8) of *The Provincial Auditor Act*.

4.0 Status of Committee Recommendations

Some of the Committee's reports to the Assembly contain recommendations resulting from our audit work. The Committee's last report to the Assembly that contained recommendations of this nature was the *Tenth Report to the 25th Legislature* (3rd Session of the 25th Legislature) tabled on August 23, 2007.

The Committee asks our Office to assess and report on the status of the recommendations the Committee makes and reports to the Assembly as a result of our audit work.

At March 31, 2014, the Committee did not have any recommendations outstanding (zero – at March 31, 2013). In January 2009, the Committee agreed with recommendations that relate to Saskatchewan Water Corporation. However, these recommendations have not yet been included in a report to the Assembly. See Chapter 27 – Saskatchewan Water Corporation – Maintaining Infrastructure for a listing and the status of the two outstanding recommendations.

5.0 Committee Activities: 2013-14

From April 1, 2013 to March 31, 2014, the Committee met 14 times (2012-13: 14 times). It gave the Assembly one report on the results of its reviews of estimates and bills within its subject area. It also received one significant transaction report.

During this period, the Committee reviewed and considered the 2008 to 2011 annual reports of four Crown corporations (Crown Investments Corporation of Saskatchewan, Saskatchewan Power Corporation, Saskatchewan Government Insurance, and Information Services Corporation). At March 2014, it had not yet completed its review of annual reports for CIC Asset Management Inc. for the years 2010, and 2011.[5] Also, at March 2014, the Committee's review of the 2012 annual reports of CIC and its subsidiary corporations within its subject area was outstanding.

Also during this period, the Committee met once[6] to consider chapters in our reports related to CIC and its subsidiary corporations. It considered 14 chapters from eight different reports related to three Crown corporations (Saskatchewan Power Corporation, Saskatchewan Water Corporation, and SaskEnergy Incorporated). As of March 31, 2014, the Committee had not yet reported to the Assembly on the results of this meeting.

In addition, as reflected in **Figure 2**, at March 31, 2014, the Committee had not yet considered 23 chapters from seven different Provincial Auditor reports related to six Crown corporations and the Committee.

[5] Committees Branch, Legislative Assembly Service. Standing Committee on Crown and Central Agencies, *Outstanding Business– 27th Legislature.*

[6] The Committee met on March 12, 2014 to consider various Provincial Auditor Reports.

Figure 2—Chapters of Provincial Auditor Reports Referred to the Committee Outstanding at March 31, 2014

Agency	Related Provincial Auditor Report	Chapter	Number of New Recommendations to be Considered
Crown Investments Corporation of Saskatchewan	2013 Report – Volume 2	39	-
Saskatchewan Gaming Corporation	2009 Report – Volume 1	10	-
	2010 Report – Volume 1	14	-
	2011 Report – Volume 1	13	1
	2012 Report – Volume 1	14	-
	2012 Report – Volume 1	15	-
Saskatchewan Government Insurance	2009 Report – Volume 1	11	-
	2010 Report – Volume 1	15	3
	2012 Report – Volume 1	16	-
Saskatchewan Opportunities Corporation	2012 Report – Volume 1	18	3
Saskatchewan Telecommunications Holding Corporation	2009 Report – Volume 1	13	9
	2010 Report – Volume 1	17	1
	2011 Report – Volume 1	16	-
	2012 Report – Volume 1	20	-
	2013 Report – Volume 1	29	-
	2013 Report – Volume 2	48	-
Saskatchewan Transportation Company	2009 Report – Volume 1	14	-
Standing Committee on Crown and Central Agencies	2009 Report – Volume 1	17	-
	2010 Report – Volume 1	20	-
	2011 Report – Volume 1	20	-
	2011 Report – Volume 2	26	-
	2012 Report – Volume 1	26	-
	2013 Report – Volume 1	31	-

Source: Committees Branch, Legislative Assembly Service. Standing Committee on Crown and Central Agencies, *Outstanding Business–27th Legislature*

Appendix 1
List and Status of Agencies Subject to Examination Under *The Provincial Auditor Act*

Appendix 1 lists the ministries, Crown agencies, Crown-controlled corporations, special purpose and trust funds, offices of the Legislative Assembly, and other agencies which administer public money that were subject to audit examination under *The Provincial Auditor Act* at December 31, 2013.

This Appendix includes the status of those audits at March 31, 2014. The Appendix also indicates whether we have significant issues to report and where the issues are reported.

Our goal is to report the results of our audits of agencies with March fiscal year-ends in the fall and agencies with December fiscal year-ends in the spring. At March 31, 2014, we have not completed the audits at a few agencies. To provide the Legislative Assembly and the public with timely reports, we do not delay our reports to accommodate incomplete audits, but rather include their results in future reports.

Agency	Fiscal Year-End	Status at March 31, 2014	Significant Issues Reported
Government of Saskatchewan – Summary Financial Statements	March 31	Complete	Yes/ 2013 Rpt V2
Ministries and Secretariats:			
Ministry of Advanced Education	March 31	Complete	Yes/2013 Rpt V2
Ministry of Agriculture	March 31	Complete	Yes/2013 Rpt V2 & 2014 Rpt V1
Ministry of Central Services	March 31	Complete	Yes/2013 Rpt V2 & 2014 Rpt V1
Ministry of the Economy	March 31	Complete	Yes/2013 Rpt V2
Ministry of Education	March 31	Complete	Yes/ 2013 Rpt V2 & 2014 Rpt V1
Ministry of Environment	March 31	Complete	Yes/2013 Rpt V2 & 2014 Rpt V1
Ministry of Finance	March 31	Complete	Yes/2013 RptV2
Ministry of Government Relations	March 31	Complete	Yes/2013 Rpt V2
Ministry of Health	March 31	Complete	Yes/2013 Rpt V2
Ministry of Highways and Infrastructure	March 31	Complete	Yes/2013 Rpt V2 & 2014 Rpt V1
Ministry of Justice	March 31	Complete	Yes/2013 Rpt V2 & 2014 Rpt V1
Ministry of Labour Relations and Workplace Safety	March 31	Complete	Yes/2013 Rpt V2
Ministry of Parks, Culture and Sport	March 31	Complete	Yes/2013 Rpt V2
Ministry of Social Services	March 31	Complete	Yes/2013 Rpt V2
Executive Council	March 31	Complete	Yes/2013 Rpt V2
Public Service Commission	March 31	Complete	Yes/2014 Rpt V1
Crown Agencies:			
101039181 Saskatchewan Ltd.	December 31	Note 1	
101069101 Saskatchewan Ltd.	December 31	Note 1	

Agency	Fiscal Year-End	Status at March 31, 2014	Significant Issues Reported
Agricultural Credit Corporation of Saskatchewan	March 31	Complete	No
Agricultural Implements Board	March 31	Complete	No
Avonlea Holding, Inc.	December 31	Note 1	
Battleford International, Inc.	December 31	Note 1	
Bayhurst Energy Services Corporation	December 31	Complete	No
Bayhurst Gas Limited	December 31	Complete	No
Bruno Holdings Inc.	December 31	Note 1	
Carlton Trail Regional College	June 30	Complete	No
Chinook School Division No. 211	August 31	Note 2	Yes/2014 Rpt V1
Christ the Teacher Roman Catholic Separate School Division No. 212	August 31	Note 2	No
CIC Asset Management Inc.	December 31	Complete	No
CIC Economic Holdco Ltd.	December 31	Note 1	
CIC Foods Inc.	December 31	Note 1	
CIC FTLP Holdings Inc.	December 31	Note 1	
CIC FTMI Holdings Inc.	December 31	Note 1	
CIC OSB Products Inc.	December 31	Note 1	
CIC Pulp Ltd.	December 31	Note 1	
CIC PVF Holdings Inc.	December 31	Note 1	
CIC WLSVF Holdings Inc.	December 31	Note 1	
Coachman Insurance Company	December 31	Complete	No
Community Initiatives Fund	March 31	Complete	No
Conseil des Ecoles Fransaskoises School Division No. 310	August 31	Note 2	No
Creative Saskatchewan	March 31	Note 5	
Creighton School Division No. 111	August 31	Note 2	No
Crown Investments Corporation of Saskatchewan	December 31	Complete	Yes/2013 Rpt V2
Cumberland Regional College	June 30	Note 2	No
Cypress Regional Health Authority	March 31	Complete	Yes/2013 Rpt V2
DirectWest Canada Inc.	December 31	Note 1	
DirectWest Corporation	December 31	Complete	No
eHealth Saskatchewan	March 31	Delayed	Yes/2014 Rpt V1
Englefeld Protestant Separate School Division No. 132	August 31	Note 2	No
Enterprise Saskatchewan	March 31	Complete	No
First Nations and Métis Fund Inc.	December 31	Complete	No
Five Hills Regional Health Authority	March 31	Complete	Yes/2013 Rpt V2
Global Transportation Hub Authority, The	March 31	Complete	No
Good Spirit School Division No. 204	August 31	Note 2	No
Government House Foundation, The	March 31	Complete	No
Gradworks Inc.	December 31	Complete	No
Great Plains College	June 30	Note 2	No
HARO Financial Corporation	August 31	Note 8	
Health Quality Council	March 31	Complete	No
Heartland Regional Health Authority	March 31	Complete	Yes/2013 Rpt V2
Health Shared Services Saskatchewan (3sHealth)	March 31	Complete	Yes/2013 Rpt V2
Holy Family Roman Catholic Separate School Division No. 140	August 31	Note 2	No

Agency	Fiscal Year-End	Status at March 31, 2014	Significant Issues Reported
Holy Trinity Roman Catholic Separate School Division No. 22	August 31	Note 2	No
Horizon School Division No. 205	August 31	Complete	Yes/2014 Rpt V1
Ile-a-la Crosse School Division No. 112	August 31	Note 2	Yes/2014 Rpt V1
Insurance Company of Prince Edward Island	December 31	Complete	No
Investment Saskatchewan Holdings Inc.	December 31	Note 1	
Investment Saskatchewan Swine Inc.	December 31	Note 1	
Keewatin Yatthé Regional Health Authority	March 31	Complete	Yes/2013 Rpt V2
Kelsey Trail Regional Health Authority	March 31	Complete	No
Law Reform Commission of Saskatchewan	March 31	Complete	No
Light of Christ Roman Catholic Separate School Division No. 16	August 31	Note 2	No
Liquor and Gaming Authority	March 31	Complete	Yes/2013 Rpt V2
Living Sky School Division No. 202	August 31	Note 2	Yes/2014 Rpt V1
Lloydminster Roman Catholic Separate School Division No. 89	August 31	Note 2	No
Lloydminster Public School Division No. 99	August 31	Note 2	No
Mamawetan Churchill River Regional Health Authority	March 31	Complete	Yes/2013 Rpt V2
Manalta Investment Company Ltd.	December 31	Note 1	
Many Islands Pipe Lines (Canada) Limited	December 31	Complete	No
Métis Development Fund	December 31	Complete	No
Municipal Financing Corporation of Saskatchewan	December 31	Complete	No
Municipal Potash Tax Sharing Administration Board	December 31	Complete	No
Nokomis Holding, Inc.	December 31	Note 1	
North East School Division No. 200	August 31	Complete	Yes/2014 Rpt V1
North Sask. Laundry & Support Services Ltd.	March 31	Complete	Yes/2013 Rpt V2
North West Regional College	June 30	Complete	Yes/2013 Rpt V2
Northwest School Division No. 203	August 31	Complete	No
Northern Lights School Division No. 113	August 31	Note 2	Yes/2014 Rpt V1
Northlands College	June 30	Complete	Yes/2013 Rpt V2
Northpoint Energy Solutions Inc.	December 31	Complete	No
Operator Certification Board	March 31	Complete	No
Owners, The: Condominium Corporation No. 101100609	March 31	Complete	No
Parkland Regional College	June 30	Note 2	No
Physician Recruitment Agency of Saskatchewan	March 31	Complete	No
Prairie Agricultural Machinery Institute	March 31	Complete	No
Prairie North Regional Health Authority	March 31	Complete	Yes/2013 Rpt V2
Prairie South School Division No. 210	August 31	Note 2	No
Prairie Spirit School Division No. 206	August 31	Complete	No
Prairie Valley School Division No. 208	August 31	Complete	No
Prince Albert Parkland Regional Health Authority	March 31	Complete	Yes/2013 Rpt V2
Prince Albert Roman Catholic Separate School Division No. 6	August 31	Note 2	Yes/2014 Rpt V1
Qu'Appelle Holding, Inc.	December 31	Note 1	
Regina Qu'Appelle Regional Health Authority	March 31	Complete	Yes/2013 Rpt V2

Agency	Fiscal Year-End	Status at March 31, 2014	Significant Issues Reported
Regina Roman Catholic Separate School Division No. 81	August 31	Complete	No
Regina School Division No. 4	August 31	Complete	No
Saskatchewan Apprenticeship and Trade Certification Commission	June 30	Complete	Yes/2014 Rpt V1
Saskatchewan Archives Board, The	March 31	Complete	No
Saskatchewan Arts Board, The	March 31	Complete	No
Saskatchewan Association of Health Organizations Inc.	March 31	Complete	No
Saskatchewan Auto Fund	December 31	Complete	No
Saskatchewan Cancer Agency	March 31	Complete	No
Saskatchewan Centre of the Arts	March 31	Complete	No
Saskatchewan Crop Insurance Corporation	March 31	Complete	Yes/2013 Rpt V2
Saskatchewan Development Fund Corporation	December 31	Complete	Note 6
Saskatchewan First Call Corporation	December 31	Note 1	
Saskatchewan Gaming Corporation	December 31	Complete	No
Saskatchewan Government Insurance	December 31	Complete	No
Saskatchewan Grain Car Corporation	July 31	Complete	No
Saskatchewan Health Research Foundation	March 31	Complete	No
Saskatchewan Heritage Foundation	March 31	Complete	No
Saskatchewan Housing Corporation	December 31	Complete	Yes/2014 Rpt V1
Saskatchewan Immigrant Investor Fund Inc.	December 31	Complete	Yes/2014 Rpt V1
Saskatchewan Impaired Driver Treatment Centre Board of Governors	March 31	Complete	No
Saskatchewan Indian Gaming Authority Inc.	March 31	Complete	Yes/2013 Rpt V2
Saskatchewan Institute of Applied Science and Technology	June 30	Complete	No
Saskatchewan Legal Aid Commission	March 31	Complete	No
Saskatchewan Lotteries Trust Fund for Sports, Culture and Recreation	March 31	Complete	No
Saskatchewan Opportunities Corporation	December 31	Complete	No
Saskatchewan Power Corporation	December 31	Complete	Yes/2014 Rpt V1
Saskatchewan Research Council	March 31	Complete	No
Saskatchewan Rivers School Division No. 119	August 31	Note 2	No
Saskatchewan Telecommunications	December 31	Complete	No
Saskatchewan Telecommunications Holding Corporation	December 31	Complete	Yes/2013 Rpt V2 & 2014 Rpt V1
Saskatchewan Telecommunications International, Inc.	December 31	Complete	Yes/2014 Rpt V1
Saskatchewan Telecommunications International (Tanzania) Ltd.	December 31	Note 1	
Saskatchewan Transportation Company	December 31	Complete	No
Saskatchewan Water Corporation	December 31	Complete	Yes/2014 Rpt V1
Saskatoon Regional Health Authority	March 31	Complete	Yes/2013 Rpt V2
Saskatoon School Division No. 13	August 31	Complete	No
SaskBuilds Corporation	March 31	Complete	Yes/2014 Rpt V1
SaskEnergy Incorporated	December 31	Complete	No
SaskEnergy International Incorporated	December 31	Note 1	
SaskEnergy Nova Scotia Holdings Ltd.	December 31	Note 1	
SaskPower International Inc.	December 31	Note 1	

Agency	Fiscal Year-End	Status at March 31, 2014	Significant Issues Reported
SaskTel International Consulting, Inc.	December 31	Note 1	
SaskTel Investments Inc.	December 31	Note 1	
SecurTek Monitoring Solutions Inc.	December 31	Complete	No
SGC Holdings Inc.	December 31	Complete	No
SGI CANADA Insurance Services Ltd.	December 31	Complete	No
Shellbrook Holding, Inc.	December 31	Note 1	
South East Cornerstone School Division No. 209	August 31	Note 2	No
Southeast Regional College	June 30	Note 2	No
St. Paul's Roman Catholic Separate School Division No. 20	August 31	Complete	No
Sun Country Regional Health Authority	March 31	Complete	Yes/2013 Rpt V2
Sun West School Division No. 207	August 31	Note 2	No
Sunrise Regional Health Authority	March 31	Complete	Yes/2013 Rpt V2 & 2014 Rpt V1
Swan Valley Gas Corporation	December 31	Note 1	
TecMark International Commercialization Inc.	March 31	Complete	No
Tourism Saskatchewan	March 31	Complete	No
TransGas Limited	December 31	Complete	No
University of Regina Crown Foundation	April 30	Complete	Note 7
University of Saskatchewan Crown Foundation	April 30	Complete	Note 7
Water Appeal Board	March 31	Complete	No
Water Security Agency	March 31	Complete	Yes/2013 Rpt V2 & 2014 Rpt V1
Western Development Museum	March 31	Complete	No
Workers' Compensation Board	December 31	Complete	No
Special purpose and trust funds including pension and benefit plans:			
Capital Pension Plan	December 31	Complete	No
Commercial Revolving Fund	March 31	Complete	No
Correctional Facilities Industries Revolving Fund	March 31	Complete	No
Criminal Property Forfeiture Fund	March 31	Complete	No
Crop Reinsurance Fund of Saskatchewan	March 31	Complete	No
Doukhobors of Canada C.C.U.B. Trust Fund	May 31	Complete	No
Extended Health Care Plan	December 31	Complete	No
Extended Health Care Plan for Certain Other Employees	December 31	Complete	No
Extended Health Care Plan for Certain Other Retired Employees	December 31	Complete	No
Extended Health Care Plan for Retired Employees	December 31	Complete	No
Financial and Consumer Affairs Authority of Saskatchewan	March 31	Complete	No
Fish and Wildlife Development Fund	March 31	Complete	No
General Revenue Fund	March 31	Complete	Yes/ 2013 Rpt V2
Growth and Financial Security Fund	March 31	Note 4	
Health Shared Services Saskatchewan Core Dental Plan	December 31	Delayed	
Health Shared Services Saskatchewan Disability Income Plan – CUPE	December 31	Delayed	

Agency	Fiscal Year-End	Status at March 31, 2014	Significant Issues Reported
Health Shared Services Saskatchewan Disability Income Plan – SEIU	December 31	Delayed	
Health Shared Services Saskatchewan Disability Income Plan – General	December 31	Delayed	
Health Shared Services Saskatchewan Disability Income Plan – SUN	December 31	Delayed	
Health Shared Services Saskatchewan Group Life Insurance Plan	December 31	Delayed	
Health Shared Services Saskatchewan In-scope Extended Health/ Enhanced Dental Plan	December 31	Delayed	
Health Shared Services Saskatchewan Master Trust Combined Investment Fund	December 31	Delayed	
Health Shared Services Saskatchewan Out-of-scope Extended Health/ Enhanced Dental Plan	December 31	Delayed	
Horned Cattle Fund	March 31	Complete	No
Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund	March 31	Complete	No
Institutional Control Monitoring and Maintenance Fund	March 31	Complete	No
Institutional Control Unforeseen Events Fund	March 31	Complete	No
Judges of the Provincial Court Superannuation Plan	March 31	Complete	No
Liquor Board Superannuation Plan	December 31	Complete	No
Livestock Services Revolving Fund	March 31	Complete	No
Municipal Employees' Pension Plan	December 31	Complete	Yes/2014 Rpt V1
Northern Municipal Trust Account	December 31	Complete	No
Office of Residential Tenancies – Director's Trust Account	March 31	Complete	No
Oil and Gas Orphan Fund	March 31	Complete	No
Pastures Revolving Fund	March 31	Complete	No
Pension Plan for Employees of the Saskatchewan Workers' Compensation Board	December 31	Complete	No
Power Corporation Superannuation Plan	December 31	Complete	Note 3
Prince of Wales Scholarship Fund	March 31	Complete	No
Provincial Mediation Board Trust Accounts	March 31	Complete	No
Public Employees Benefits Agency Revolving Fund	March 31	Complete	Yes/2014 Rpt V1
Public Employees Deferred Salary Leave Fund	December 31	Complete	No
Public Employees Dental Fund	December 31	Complete	No
Public Employees Disability Income Fund	December 31	Complete	No
Public Employees Group Life Insurance Fund	December 31	Complete	No
Public Employees Pension Plan	March 31	Complete	No
Public Service Superannuation Plan	March 31	Complete	No
Public Guardian and Trustee for Saskatchewan	March 31	Complete	No
Queen's Printer Revolving Fund	March 31	Complete	No
Sask 911 Account	March 31	Complete	No
Saskatchewan Agricultural Stabilization Fund	March 31	Complete	No
Saskatchewan Government Insurance Service Recognition Plan	December 31	Complete	No
Saskatchewan Government Insurance Superannuation Plan	December 31	Complete	No

Agency	Fiscal Year-End	Status at March 31, 2014	Significant Issues Reported
Saskatchewan Legal Aid Commission Area Office's Lawyers' Trust Accounts	March 31	Complete	No
Saskatchewan Pension Annuity Fund	March 31	Complete	No
Saskatchewan Pension Plan	December 31	Complete	No
Saskatchewan Power Corporation Designated Employee Benefit Plan	December 31	Complete	No
Saskatchewan Power Corporation Severance Pay Credits Plan	December 31	Complete	No
Saskatchewan Research Council Employees' Pension Plan	December 31	Complete	No
Saskatchewan Snowmobile Fund	March 31	Complete	No
Saskatchewan Student Aid Fund	March 31	Complete	No
Saskatchewan Telecommunications Pension Plan	December 31	Complete	No
Saskatchewan Water Corporation Retirement Allowance Plan	December 31	Complete	No
SaskEnergy Retiring Allowance Plan	December 31	Complete	No
SaskPower Supplementary Superannuation Plan	December 31	Complete	No
School Division Tax Loss Compensation Fund	March 31	Complete	No
Social Services Central Trust Account	March 31	Complete	No
Social Services Valley View Centre Grants and Donations Trust Account and Institutional Collective Benefit Fund	March 31	Complete	No
Social Services Valley View Centre Residents' Trust Account	March 31	Complete	No
Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission	December 31	Delayed	
Teachers' Dental Plan	June 30	Complete	Yes/2013 Rpt V2
Teachers' Disability Plan	June 30	Complete	No
Teachers' Group Life Plan	August 31	Complete	No
Teachers' Superannuation Plan	June 30	Complete	No
Training Completions Fund	March 31	Complete	No
Transportation Partnerships Fund	March 31	Complete	No
Victims' Fund	March 31	Complete	No
Water Security Agency Retirement Allowance Plan	March 31	Complete	No
Offices of the Legislative Assembly:			
Advocate for Children and Youth, Office of the	March 31	Complete	No
Board of Internal Economy/Legislative Assembly Service	March 31	Complete	No
Chief Electoral Officer, Office of the	March 31	Complete	No
Conflict of Interest Commissioner, Office of the	March 31	Complete	No
Information and Privacy Commissioner, Office of the	March 31	Complete	No
Ombudsman, Office of the	March 31	Complete	No
Other agencies:			
Pension Plan for the Eligible Employees at the University of Saskatchewan, 1974	December 31	Delayed	

Agency	Fiscal Year-End	Status at March 31, 2014	Significant Issues Reported
Pension Plan for the Academic and Administrative Employees of the University of Regina	December 31	Delayed	
Technical Safety Authority of Saskatchewan, The	June 30	Complete	Yes/2014 Rpt V1
University of Regina Non-Academic Pension Plan	December 31	Delayed	
University of Regina, The	April 30	Complete	Yes/2013 Rpt V2
University of Saskatchewan 1999 Academic Pension Plan	December 31	Delayed	
University of Saskatchewan 2000 Academic Money Purchase Pension Plan	December 31	Delayed	
University of Saskatchewan Academic Long-term Disability Plan	December 31	Delayed	
University of Saskatchewan Academic Employees' Pension Plan	December 31	Delayed	
University of Saskatchewan and Federated Colleges Non-Academic Pension Plan	December 31	Delayed	
University of Saskatchewan, The	April 30	Complete	No

Note 1: These entities are wholly- or partially-owned subsidiary corporations that are included in the consolidated financial statements of a parent Crown agency.

Note 2: We reviewed the opinions of the appointed auditor on the reliability of financial statements, effectiveness of processes to safeguard public resources, and compliance with authorities. We also reviewed the summary of errors and management letters to boards of the agencies. Where necessary, we followed up with the appointed auditor to clarify issues reported.

Note 3: The agency does not have adequate processes to ensure retired members who returned to work for the Government are paid in accordance with *The Superannuation (Supplementary Provisions) Act*. Our *2001 Spring Report* contains further information on this matter.

Note 4: The Ministry of Finance does not prepare financial statements for this Fund.

Note 5: This entity was recently created; March 31, 2014 will be the first period-end audited by our Office.

Note 6: This entity was wound up on September 30, 2013.

Note 7: These entities were wound up on July 31, 2013.

Note 8: This entity was wound up on June 7, 2013.

---

1. "Complete" – the audit was complete at March 31, 2014.
   "Delayed" – the audit was delayed.
2. "No" - no significant issues were reported.
   "Yes/2013 Rpt V2" – see our *2013 Report – Volume 2* for significant issues.
   "Yes/2014 Rpt V1" – see our *2014 Report – Volume 1* for significant issues.

Appendix 2
Samples of Opinions We Form on Ministries, Crown Agencies, and Crown-Controlled Corporations

Our mission states, "To serve the Members of the Legislative Assembly and the people of Saskatchewan, we provide independent assurance and advice on the management, governance, and effective use of public resources." To fulfill our mission, we examine and provide independent assurance (conclusions) and advice on:

- The effectiveness of the Government's management of public resources
- The Government's compliance with legislative authorities
- The reliability of the Government's public performance reports (e.g., financial statements)

We focus on the Government as a whole, sectors or programs of the Government, and individual government agencies. We adhere to assurance standards published by CPA Canada (formerly Canadian Institute of Chartered Accountants) when forming our opinions. The following are samples of our audit opinions.

1. The Effectiveness of the Government's Management of Public Resources

I have audited [Crown agency X]'s control as of [date] to express an opinion as to the effectiveness of its control related to the following objectives:

- To safeguard public resources. That is, to ensure its assets are not lost or used inappropriately; to ensure it does not inappropriately incur obligations; to establish a financial plan for the purposes of achieving its financial goals; and to monitor and react to its progress towards the objectives established in its financial plan.
- To prepare reliable financial statements.
- To conduct its activities following laws, regulations and policies related to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

I used the control framework developed by the Canadian Institute of Chartered Accountants (CICA) to make my judgments about the effectiveness of [Crown agency X]'s control. I did not audit certain aspects of control concerning the effectiveness, economy, and efficiency of certain management decision-making processes.

The CICA defines control as comprising those elements of an organization that, taken together, support people in the achievement of the organization's objectives. Control is effective to the extent that it provides reasonable assurance that the organization will achieve its objectives.

[Crown agency X]'s management is responsible for effective control related to the objectives described above. My responsibility is to express an opinion on the effectiveness of control based on my audit.

I conducted my audit in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*. Those standards require that I plan and perform an audit to obtain reasonable assurance as to effectiveness of [Crown agency X]'s control related to the objectives stated above. An audit includes obtaining an understanding of the significant risks related to these objectives, the key control elements and control activities to manage these risks and examining, on a test basis, evidence relating to control.

Control can provide only reasonable and not absolute assurance of achieving objectives reliably for the following reasons. There are inherent limitations in control including judgment in decision-making, human error, collusion to circumvent control activities and management overriding control. Cost/benefit decisions are made when designing control in organizations. Because control can be expected to provide only reasonable assurance and not absolute assurance, the objectives referred to above may not be achieved reliably. Also, projections of any evaluation of control to future periods are subject to the risk that control may become ineffective because of changes in internal and external conditions, or that the degree of compliance with control activities may deteriorate.

In my opinion, based on the limitations noted above, [Crown agency X]'s control was effective, in all material respects, to meet the objectives stated above as of [date] based on the CICA criteria of control framework.

2. The Government's Compliance with Legislative Authorities

I have made an examination to determine whether [Crown agency X], complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding public resources, spending, revenue raising, borrowing and investing activities during the year ended [Year end]:

> *(List legislative and related authorities covered by this report. This list must include all governing authorities.)*

My examination was made in accordance with standards for assurance engagements published in the *CPA Canada Handbook – Assurance*, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, [Crown agency X] has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended [Year end].

3. The Reliability of Financial Statements

I have audited the accompanying financial statements of [Crown agency X], which comprise the [statement of financial position] as at [Year end], and the [statements of operations, change in net debt, and cash flow] for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with [acceptable financial reporting framework] for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of [Crown agency X] as at [Year end], and [insert appropriate wording to describe financial results] for the year then ended in accordance with [acceptable financial reporting framework].